Daily Report

Central Eurasia

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FBIS-SOV-94-148 *2 August 1994*

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CIS Border Troops Agreement Signed

LD2907131494 Moscow INTERFAX in English 1214 GMT 29 Jul 94

[Text] Representatives of 11 CIS countries have signed 10 documents on a concept for the protection of the CIS external borders following the second meeting of the Council of the CIS Border Troop Commanders, which ended in St Petersburg on Thursday. This statement was made by the Council's chairman, chief commander of the Russian border troops, Colonel-General Andrey Nikolayev, in St Petersburg on July 29.

He said that the commanders also worked out general provisions for border troops which will form the basis for an interstate agreement "On Cooperation in Combating the Illegal Spreading of Drugs." He said that the agreement is to be approved by the governments and parliaments of those countries before winter.

Ukrainian representatives signed none of the documents, saying they had yet to study the issue properly.

Deputy Commander of Ukrainian Border Troops, Major General Anatoly Makarov, told Interfax that Ukraine would not sign a single agreement because earlier the republic had not joined the treaty on the creation of the Council of Commanders of CIS Border Troops. He said that Russia and Ukraine will initial the bilateral agreement on the protection of external borders no later than on August 3-4. A similar agreement was initialed on Thursday between the Russian Federation and Kazakhstan.

Uzbekistan, Tajikistan, Turkmenistan and Russia also announced the creation of a group of experts to draft an agreement on cooperation in protecting CIS external borders in the area of the Amu Darya, which is known as the "three plus one" agreement.

CIS Leaders To Discuss Charter Amendments in Minsk

LD0108194494 Moscow ITAR-TASS in English 1908 GMT 1 Aug 94

[By BELINFORM correspondent Larisa Lazar for TASS]

[Text] Minsk August 1 TASS—Experts of the Commonwealth of Independent States arrived in the CIS headquarters in Minsk on Monday to discuss amendments to the CIS Charter.

The CIS Charter signed only a year ago needs to be amended in order to reflect the recent changes and new realities that have emerged in the Commonwealth, the CIS Executive Secretariat Press Service told BELINFORM.

At the initial stage the experts will work out the procedure for passing amendments and their priority.

The secretariat is also planning to hold a panel discussion on the preparation of celebrations of the 50th anniversary of victory in World War II. The panel agenda will address the need to commemorate the motherland's defenders and Nazi victims, work out an approach toward social benefits for war veterans and ensure a coordinated mass media policy of covering the upcoming celebrations.

Baltic-Black Sea Conference Ends in Kiev

LD3007185294 Kiev UNIAN in Ukrainian 1530 GMT 30 Jul 94

[Text] Kiev [no date as received]—The international conference of political parties of countries positioned between the Baltic and Black Seas completed its work 30 July. The delegates at the conference worked mainly in sections—national security, economic cooperation, problems of ethnic minorities, cultural relations, ecology—where realistic projects for interparty cooperation in corresponding sectors were elaborated. In particular, global projects for energy supply, the sale of agricultural produce, military cooperation, and so on, were discussed.

However, most of the foreign political parties declined to sign the declaration of basic principles and the program of action of the League of Parties of Countries Between the Seas [Liha Partiy Krayin Mizhmorya], referring to their lack of authority to do so. Therefore it was decided to give each party the opportunity to discuss the working documents at their plenums and then to ratify them. Thus, only a statement on setting up the league was signed, without the participation of the Bulgarian and Romanian delegates because they did not have the authority to do so.

"The core of Central European cooperation has been created, Leszek Moczulski, head of the Confederation for an Independent Poland, and an active initiators of the idea of setting up a Baltic-Black Sea union, noted at the end of the conference. Its further activity will show its effectiveness." He proposed that the next conference be held in Warsaw.

Fall in CIS Countries' GDP Doubles

LD0208101894 Moscow Radio Rossii Network in Russian 0900 GMT 2 Aug 94

[Text] According to the data of the CIS Statistics Committee, the rate at which the GDP fell in 12 CIS countries in the first six months of 1994 was twice higher than last year. At the same time, the industrial production index in the CIS, after a catastrophic drop in the winter months, has started to rise slowly. In June it reached 104 percent of the May level.

INTERFAX reports that the rates for the reduction of GDP are more pronounced in states where the situation was relatively good last year. In particular, in Belarus the reduction in gross domestic product was over 30 percent. In Russia the same index amounted to only 17 percent.

ITAR-TASS Carries Press Review for 2 Aug

LD0208062194 Moscow ITAR-TASS in English 0556 GMT 2 AUg 94

["Press Review"—ITAR-TASS headline]

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[Text] Moscow August 2 TASS—The situation in Chechnya and the ongoing scandal involving the MMM joint-stock company are major topics in Tuesday's Moscow-based newspapers.

ROSSIYSKAYA GAZETA, while pointing out that the situation in Chechnya has practically run out of control, frontpages the text of a Russian government statement on the situation in the Chechen Republic.

The newspaper's correspondent in the north caucasus analyses political statements made in recent days, specifically an appeal to the Russian president from the Chechen Interim Council, which is in opposition to President Dzhokhar Dudayev. The Council urges the Russian president to recognise the Council as the only state power body in the republic.

The newspaper's correspondent writes that, in the opinion of local analysts, "there is quite a real danger of Russia's being drawn into a 'settling of scores' between opposition groups, none of which has real influence on the population of the republic."

KRASNAYA ZVEZDA (RED STAR) on the Russian government statement on the Chechen situation.

The newspaper believes that Russia has not yet expressed a clear-cut attitude towards the Chechen opposition while the "sober-minded forces" term is rather vague for defining accurately what they are. But it is already absolutely obvious that "none of the sides which are in opposition to Dudayev is so far inclined to approve Russia's concrete involvement in the 'Chechen issue'."

NEZAVISIMAYA GAZETA on the Chechen situation:

Everyone expects that something will happen in Chechnya soon but no one, except people directly involved, knows what exactly that may be. But those in the know, unable to conceal their activity, cannot explain the developments, just as the aim and possible consequenses of what is being prepared, in a well-argumented way either.

ROSSIYSKAYA GAZETA on the MMM scandal.

The newspaper believes that the government should not be indifferent to how a market, in which "convulsions, collapses and panic" are inherent in general, develops in Russia.

The ripple effects of the MMM crisis may mean much more than just a default of tax payments because a couple of such scandals would result in a strong deceleration of the development of the stock market in Russia and faith in it would be undermined.

IZVESTIYA publishes the findings of an opinion poll taken by the independent Institute for the Sociology of Parliamentarism in view of the situation concerning the MMM joint-stock company.

The poll has shown that, as regards the MMM conflict, only nine percent of Muscovites sympathise with this joint-stock company.

An MMM collapse, most probably, would not threaten the country with political cataclysms or a social outburst. And still, the situation remains strained. According the poll findings, 1.5 percent of MMM shareholders, mainly small ones, are determined to take part in protest activities, meetings and demonstrations against the authorities if the MMM goes bankrupt.

RABOCHAYA TRIBUNA on Byelorussian president Alyaksandr Lukashenka's forthcoming visit to Moscow:

Many in the republic favour the restoration of a common economic space and the republic's entry into the rouble area. The president shares this position and is prepared for the broadest cooperation with Russia.

KRASNAYA ZVEZDA correspondent writes from Minsk that opposition leaders caution the president of Byelorussia against too close embraces with Moscow.

RABOCHAYA TRIBUNA on the engineering workers' union voluntary withdrawal from among signatories of the treaty on Social Accord.

Anatoly Bogdanov, deputy chairman of the trade union's central committee, explains the union's withdrawal by saying that the government does not take appropriate measures to pull the engineering sector out of the crisis, the sector in which an actual decline in the first half of this year amounted to 46 percent. Bogdanov warned that an all-Russia strike of engineering workers should be expected in autumn.

IZVESTIYA correspondent writes from Krasnoyarsk about the problems involved in the resumption of the put-up construction of the Rt-2 plant for the regeneration of spent nuclear fuel. Russian President Boris Yeltsin visited the plant during his recent tour of Krasnoyarsk territory.

NEZAVISIMAYA GAZETA carries a list of 100 leading politicians in Russia in July. The list was compiled by the public opinion study service together with the newspaper.

The newspaper points out that a rise in the rating of Alexander Solzhenitsyn from the 30th to 12th place, as against the 87-88th place in May, became the main sensation of the month.

The rating of the first three persons at the head of the lsit—Boris Yeltsin, Viktor Chernomyrdin and Yuriy Luzhkov—remains the same only the gap between the president and the premier has widened still further.

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Moscow Stance on UN Haiti Vote Pondered

MM0208104394 Moscow KOMSOMOLSKAYA PRAVDA in Russian 2 Aug 94 p 1

["Our Commentary" by Oleg Shevtsov: "Should Democracy Not Be Swapped for Gold?"]

[Excerpts] The rapid development of the situation around Haiti culminated 31 July in the adoption of a UN Security Council resolution authorizing the use of all necessary means to remove from power in Haiti the military led by General Raul Cedras and to restore democracy. Feverish activity on the part of the U.S. State Department can be glimpsed behind the terse sentences of the document produced by the "world government," which voted with surprising unanimity.

Obviously the White House firmly intends to bring to a logical conclusion the matter of restoring to power in this small country the Americans' favorite, the legitimate president Aristide, and introducing its "limited contingent" of Marines, this time under UN auspices, to forcibly implant freedom and democracy [passage omitted]

The only thing that is new in the U.S. actions in the region is the fact that the Security Council, of which Russia is still a member, conferred international status on a military operation in the western hemisphere not in the event of an act of aggression or threat to peace but in order to restore order in the internal affairs of a sovereign subject of international law. Incidentally, it was for that reason that Mexico, Uruguay, Venezuela, Cuba, and Brazil did not back the use of military force in Haiti and called for the full arsenal of peaceful means to be used. But the UN resolution has provided Clinton, according to Madeleine Albright, U.S. representative to the United Nations, with "diplomatic grounds for taking any action that he considers necessary." Yet it is no secret that every U.S. president considers it good form to uphold U.S. national interests outside the country's national borders at least once during his presidency. Reagan landed in Grenada, Bush overthrew Noriega in Panama, now it is Bill Clinton's turn to show who is boss in the western hemisphere.

And not only in the western hemisphere. According to experts in the global balance of forces in the world, the present Security Council resolution is the result of a deal between the great powers on the lines of the Yalta agreement at the end of World War II. In order to ensure Moscow's support Washington agreed to UN approval of the Russian peacemaking mission in Georgia. Our diplomats seem to have had difficulty in obtaining what was rightfully ours.

What has Haiti or, moreover, Cuba, Chile, etc. really got to do with us? Admittedly, for some reason everyone has something to do with Moscow's actions even on Russian territory, not to mention the CIS countries and its neighbors....

U.S. Seen Becoming 'Entangled' in Haiti

MM0208112194 Moscow IZVESTIYA in Russian 2 Aug 94 p 3

[Report by Yevgeniy Bay: "Should the United States Invade Haiti, They Will Have To Undertake the Upkeep of That Country Too"]

[Text] The UN Security Council has supported the possible use of military force against Haiti's military rulers. A resolution permitting the world community "to set up multinational forces and...make use of all necessary measures to remove from power the military regime in Haiti" was adopted by 12 votes "for," amid two abstentions (China and Brazil) and one absentee (Rwanda).

The resolution makes no mention of a start date or deadlines for possible punitive action, although it does contain an interesting call to create a 6,000-strong UN corps to train the Haitian Army and police once the intervention has been successfully carried out.

Thus, after almost two-and-a-half years of ultimatums, political pressure, and economic embargo, the Americans have moved in earnest toward conducting military action. Its aim is to put Jean-Bertrand Aristide, elected in 1990 and overthrown by the military in 1991, back in power.

On the surface, there are at least two reasons prompting the United States to do this. The first is a desire to overcome the Somalia syndrome by means of a "small victorious war" in the Caribbean Basin. The second is to halt the mass emigration of Haitians into the United States, which is already causing serious problems in the state of Florida.

It is hard to say how successful the Americans will be in doing this. General John Shalikashvili, chairman of the Joint Chiefs of Staff, has already warned Clinton that losses on the American side are inevitable in this action. Recalling the bitter experience of Somalia, Shalikashvili declared that it is necessary not only to prepare thoroughly for the invasion—the easiest part of the operation—but also to determine the deadlines for the presence of the peacekeeping forces on the island, as well as the optimum conditions for their withdrawal.

It is the latter which is giving rise to the greatest doubts over the success of the military action. The enforced reenthronement, with the aid of American Marines, of the people's elected—a priest who was once a populist and troublemaker—is unlikely to endow Aristide with authority in the eyes of ordinary Haitians. Moreover, Aristide is by no means a figure beyond reproach in the eyes of world public opinion either. During his short reign he distinguished himself by his brutality toward political opponents; and what is more, for some time now many of those who know him personally have been apprehensive about the psychological state of Haiti's ousted president.

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Nor is the possible military intervention in Haiti finding either understanding or support in Latin America. In the view of the majority of Latin American countries, the use of force against Haiti is not justified yet. For its part, China believes that the United Nations is setting a dangerous precedent by allowing the invasion of a country which is not threatening peace and security either on a regional or global scale.

Quite different hopes are pinned on the arrival of the Americans by hundreds of thousands of impoverished Haitians. All they want is simply that somebody start to feed them. This is, most likely, how things will end, and in place of CNN's triumphal reports will come Rwanda-style coverge with the endless food convoys. As a result, irrespective of whether or not the Haitian Ton-Ton-Macoute unleash a partisan war against the "usurpers," America will become entangled in Haiti, as in Somalia, without guaranteeing its president a new triumphant Grenada.

Iraqi Embassy Notes Call To End Sanctions

LD0208123894 Moscow ITAR-TASS World Service in Russian 1056 GMT 2 Aug 94

[By ITAR-TASS diplomatic correspondent]

[Text] Moscow, 2 Aug—"The United States, whose attitude towards Iraq is that of growing hostility and which has placed the Iraqi people on the verge of famine out of political considerations that do not correspond to UN Security Council resolutions, stubbornly refuses to recognize that Iraq has fulfilled its obligations," according to a statement circulated today by the Iraqi Embassy in Moscow. The document points out that in this the United States is at variance with the will of the international community represented by most UN Security Council members headed by Russia, China, and France, who have stated that Iraq has done what was demanded of it. "The position of Russia, which has spoken out in favor of the lifting of the economic blockade against Iraq, has been given the fitting high assessment by Mr. President Saddam Husayn," the statement stressed.

The embassy points out that, in his search for peaceful solutions to problems in relations with neighboring Arab states that "came out against Iraq" after the start of the events in the Persian Gulf, S. Husayn had proposed a new initiative—opening the doors to positive cooperation with them.

"We hope," the document concludes, "that the Russian leadership, government, parliament, leaders of political parties and movements, and all Russian circles will give these initiatives their attention and can contribute energetically and enthusiastically to their success, taking account of Russia's important role as a great power in international affairs and taking into consideration the friendly relations which bind her to Iraq and other countries of the region."

Kozyrev Interviewed on Yugoslav Talks

LD0108201694 Moscow Russian Television Network in Russian 1625 GMT 1 Aug 94

[Interview with Russian Foreign Minister Andrey Kozyrev by announcer Sergey Dorenko at Moscow's Vnukovo airport, date not given; from the "Details" program]

[Text] [Dorenko] When will we see you again?

[Kozyrev] I hope I manage to have a vacation at least for a couple of weeks.

[Dorenko] This was a mass exit of ministers to Sochi. Hello. Pavel Grachev is already in the south. Finance Minister Sergey Dubinin left by air from Vnukovo airport today. The foreign affairs minister is also on vacation from today. We met him at Vnukovo airport when he flew in from Serbia and spent 30 minutes on the tarmac at the airport, before boarding the aircraft for Sochi, without stopping off in Moscow. In the 30 minutes separating the minister from the extremely complicated peacekeeping mission among the Serbs and his seaside holiday, Kozyrev managed to sign the most urgent papers and to tell the viewers of Details exclusively about the results of his trip.

[Kozyrev] The Bosnian Serb side has been provided with complete equality with the Croatian Muslims. If the Croatian Muslims presently intend to enter into confederative relations with Croatia, then the Serbian Bosnian side has the same right to enter into confederative relations with Serbia. That is, the guarantees of their safety will already come from the fact that they will essentially be taking part in the new Yugoslavia. That is Serbia, Montenegro will enjoy confederative relations with them. A certain union of Bosnia and Herzegovina will thereby be preserved.

If one is to talk about Ratko Mladic, from my meetings with him—I met him in the past, Grachev met him recently—I think that for all that he will not forget that he is a Serbian officer. That means that he should be loyal to the interests of Serbia.

[Dorenko] So, against a background of the internal Serbian struggle for political power, it was the task of Russian diplomats to win the authorities in Belgrade over to their side. According to eye witnesses, Kozyrev and the Serbian president withdrew for 90 minutes during supper to one of the little inner courtyards of one of the government buildings. In that time Kozyrev managed to confirm all Russia's promises. The promises are the following: That Bosnian Serbia and Greater Serbia can enter into a confederation, and the Russians are prepared to guarantee the inviolability of the frontiers, including—and this is not to be ruled out—using their own soldiers. To prove that is true, Pavel Grachev, defense minister and Afghan veteran, spoke to the Serbs about this. Besides, all the sanctions will be lifted, and

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deliveries of military supplies for Belgrade and consequently for the Bosnian Serbs may loom in the future. It is possible that Yuriy Baturin, the president's aide for national security, spoke to the Serbs about that on the eve of the talks.

At any rate, his visit and promises were so secret that when you ask people in Moscow and Belgrade about it, they look the other way and start talking about the weather this summer. However, this direct indication that Russia will take care of the safety of the new Serb confederation is furnished by Minister Kozyrev, too.

[Kozyrev] Our bilateral relations with Yugoslavia or Serbia are nobody's business. It is our affair, and how we build them is up to us. We have friendly relations, and I am sure that after they have said yes to the peace plan, the sanctions will be lifted, and no one will prevent us from having full-scale economic, cultural and, if you like, military relations in the sphere of security between Russia and Serbia. In general, we are not obliged to agree this with anyone. This is our bilateral affair.

[Dorenko] If they say no, then what will you do?

[Kozyrev] Well, we have an answer to that. We cannot be a toy in the hands of the party of war. We have not given such an opportunity to our own party of war, and especially to some tiny group of people playing politics who are now quite obviously in conflict with the interests of all Serbs and the leadership of Serbia. We, of course, will not allow the tail to wag the dog: This has never been a typical feature of Russia's foreign policy. Russia is a great power. We managed to defend Serbian interests, yes, but the plan is a peaceful ultimatum. An ultimatum is either accepted ...[sentence unfinished] Therefore, I am not going to hold any talks with—let us say—Mr. Karadzic. I expect him to say yes. His interests have been fully taken into account. This is all we could do for him. With Milosevic—yes, but with him—no. Therefore, if the answer is no then there will be sanctions followed by other measures...[sentence unfinished]

[Dorenko] What if he arrives in the Duma, and sets the Duma and Russia's political parties against you?

[Kozyrev] It has been a long time since I have been afraid of anything, especially of the pseudo-nationalistic opposition in the Duma.

[Dorenko] As for Karadzic, it is important for his election campaign to have all of Serbia. He is a hero now, but if he signs he will be nothing. How can you force him?

[Kozyrev] Firstly, I have a better opinion of the Serbian people. The recent press reports show that there is a growing understanding that the current plan is the best ever possible for both the Serbs in Serbia, and for the Bosnian Serbs, namely for the interests of all the Serbs.

Expresses 'Satisfaction' With Talks

LD0108184794 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 1 Aug 94

[From the "Novosti" newscast]

[Excerpts] Late last night, the Russian foreign minister held talks behind closed doors with the Serbian president. Today Andrey Kozyrev is back in Moscow. Our correspondent, who accompanied him, fills in the details.

[Correspondent Shkirando] [passage omitted] In an exclusive interview for the Ostankino television company, Andrey Kozyrev has expressed, possibly for the first time for quite a while, satisfaction with his visit to Belgrade.

[Begin Kozyrev recording] Well, I'd say yes. The main thing is, I can see that the Serbian and Yugoslav leadership, and President Milosevic personally, had the right reaction to the plan and to what Russia has done to protect Serb interests. Judging from the statement the president made the day before yesterday, they understand clearly that the plan guarantees security, that the plan guarantees the Serb side complete equality, and that the plan guarantees Yugoslavia the lifting of sanctions—not in exchange for concessions in national interests, but in exchange for peace, which is precisely in line with the national interests of Serbia, of the Bosnian Serbs, and of Yugoslavia as a whole. [end recording]

Further Comments on Belgrade Visit

LD0108154994 Moscow ITAR-TASS in English 1500 GMT 1 Aug 94

[Text] Moscow August 1 TASS—Russian Foreign Minister Andrey Kozyrev said in Moscow after his trip to Belgrade that Serbian President Slobodan Milosevic had Russia's full support in his efforts to convince the Bosnian Serbs to accept the Contact Group's peace plan.

According to Kozyrev, "Serbian President Slobodan Milosevic commands the trust of the people and has enough political wisdom and understanding of Serb interests and the future to ensure the implementation of a peace settlement. In that he can firmly count on Russia's help".

Kozyrev returned to Moscow on Monday from Belgrade. During his visit to the Serbian capital he explained to the Serbs the decisions made by the foreign minister-level meeting in Geneva, attended by Russia, the United States, and the European Union countries.

Before his flight took off, the Russian foreign minister said that he thinks "the popularly elected president of Serbia will be able to convince the Bosnian Serbs to decide the question of whether or not to accept the plan in accordance with the interests of all Serbian people". "Milosevic has to achieve the acceptance of the Contact Group's plan, and we will achieve the lifting of the sanctions", he emphasized.

Kozyrev also pointed out that the Russian side had done everything it could to make sure that the Bosnian peace plan took Serb interests into account. "I am ready to do anything to help Milosevic win", he stressed.

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Asked whether it was possible that Belgrade would slap sanctions on the Bosnian Serbs if the latter do not accept the plan, Kozyrev said: "Let's not decide that for the Serbs".

Yeltsin Aide on Bosnian Peace Settlement

LD0108161794 Moscow INTERFAX in English 1352 GMT 1 Aug 94

[From the "Diplomatic Panorama" feature: by correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[Text] Russia believes that its major task is to persuade the warring sides in Bosnia to stop the bloodshed as soon as possible, and reach lasting and mutually acceptable solutions that would put an end to the tragedy. This is stated in a return message from the foreign policy adviser to the Russian President, Dmitriy Ryurikov, to the Yugoslav-born French entrepreneur Boris Vukobrat, who leads the Fund for Peace and Solution to Crises.

As Interfax reported earlier, Vukobrat sent messages to the leaders of a number of powers, President Boris Yeltsin among them, expressing his vision of the ways to resolve the crisis in the former Yugoslavia.

According to Ryurikov, Russia and its partners "chose the only alternative: joint actions and a common front against those who are banking on the logic of war." "The development of events has reached the boundary where everyone must make a choice: accept the peace plan or slide into a full-scale war in Europe," he stressed.

"Important as the world community's efforts are, much depends on the warring sides themselves," Ryurikov pointed out. "As for the concrete issues of future relations between the states that used to make up the former Yugoslavia, they will have to be resolved by the peoples themselves at the next, peaceful, stage," he said.

Yeltsin, Kuchma To Sign New Black Sea Fleet Accord

LD0108202294 Moscow Radio Moscow in Russian to Tajikistan 1830 GMT 1 Aug 94

[From the "Slavyanka" program of the Russian Defense Ministry]

[Text] Russian President Boris Yeltsin and Ukrainian President Leonid Kuchma, in a joint address to the Black Sea Fleet sailors on the occasion of Navy Day, said that they plan to sign a new agreement on the Black Sea Fleet. The document stresses that the presidents of the two countries are determined to conclude talks on the future of the Black Sea Fleet in the shortest time possible. Incidentally, accords will take account of the interests of the fraternal Russian and Ukrainian peoples.

Official Views Prospects for Integration With Ukraine

WS0208101494 Kiev KIYEVSKIYE VEDOMOSTI in Russian 26 Jul 94 pp 1,3

[Interview with Vyacheslav Igrunov, deputy chairman of the Russian State Duma Committee for CIS Matters, by Oleg Medvedev in Moscow; date not given: "Russia Will Not Press for Integration With Ukraine"]

[Text] The Russian State Duma Committee for CIS Matters has become well known due to scandalous statements voiced by its chairman Konstantin Zatulin, such as the one that all countries of the near abroad should either become Russia's satellites or perish. Zatulin's rhetoric has caused a negative reaction by many members of the committee. Zatulin's main opponent is Committee Deputy Chairman Vyacheslav Igrunov, deputy of the Yavlinskiy bloc, a political expert and director of the Institute of Humanitarian and Political Research. In the committee, Mr. Igrunov deals with Ukrainian issues.

[Medvedev] There is a common opinion that the Russian political elite wanted Kuchma's victory in the Ukrainian presidential elections. If that is true, why did it want that?

[Igrunov] As a matter of fact, the overall mood in Russia was in favor of Kuchma. I know many politicians of different orientations, however, who would have liked Kravchuk to remain master of the house on Bankovska street. These people support integration within the CIS framework, but they simultaneously believe that this is a very hard time for integration, and that Kuchma will not manage to cope with it, and will thus discredit it. They would have considered a delay in the assumption of the office of Ukrainian president by an integrationist as an opportunity for future intensification of integrationist trends in Ukraine.

As for Kravchuk, he was one of the initiators of the Belovezha agreements. He is directly linked to the collapse of the USSR, toward which there is a very negative attitude in Russia.

[Medvedev] Your position reminds me of the position of Deputy Vladimir Semago—a casino owner and member of the communist faction. "I am glad that Kuchma won and Kravchuk was defeated, because he signed the Belovezha agreement," he once told me. When I replied that Kuchma will not denounce these agreements, Comrade Semago told me know that this is another question. The main thing is that Kravchuk was punished by the people.

[Igrunov] Obviously, the point is not punishment but prospects for development. During Kravchuk's term, the Ukrainian state authorities were disintegrating and losing control over political processes; the crisis was deteriorating. It has not been ruled out that if he had

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ruled any longer, a civil conflict would have erupted between various factions in Ukraine.

[Medvedev] Is such a possibility ruled out during Kuchma's term, particularly if he is too quick in agreeing to integration with Russia?

[Igrunov] I believe that President Kuchma should not deal with problems of integration right now. He has more important matters with which to deal. First of all, this relates to the consolidation of Ukraine and the development of Ukrainian statehood. He should first become a national leader, and only during the second stage should he hammer out integrationist programs. Russia would welcome a slow and gradual correction in Ukraine's course, not a jump from one side to the other.

[Medvedev] This is your opinion, but there are politicians in Russia who will press for resolutions to those goals of CIS foreign policy which they believe are most important.

[Igrunov] I am absolutely convinced that a very careful policy toward Ukraine will prevail in Russia. It is important for us that there is civil peace in Ukraine. It cannot happen that civil peace in Ukraine is violated, and everything remains calm in Russia.

For Russia, quicker integration means quicker deterioration of its economic situation. Neither the current government nor the majority of economists and entrepreneurs are interested in quick integration with Ukraine, if this is a burden that should be assumed by Russia. Russia will integrate with Ukraine very carefully. It is Russia which has been creating delays along the path to rapprochement with Belarus; it was Russia who is hesitating to strengthen relations with Kazakhstan. Why is there the opinion that it will press for integration with Ukraine? Russia cannot afford that, it is not strong enough. There is a prevailing tendency toward peaceful rapprochement and search for possible ways of cooperation.

[Medvedev] To what degree can Ukraine trust Russia in the process of integration? There is the unsuccessful experience of 1654 and 1922. At that time, everything was also attributed to good intentions. Where is the guarantee that the current integrationist trends in Russia will not produce the same results as previous attempts?

[Igrunov] Where are the guarantees for the independence of Luxembourg in the European Union? There are no such guarantees. During integration, certain powers will be delegated to supranational bodies. In this regard, Russia is in the same situation as Ukraine. In any case, Ukraine must not delegate a part of its sovereignty to Russia. Power must be delegated to supranational bodies. Regarding the inevitability of losing a part of their sovereignty, one cannot do anything about it. People who attempt to preserve full sovereignty are attempting to return to the 19th century. As for the political independence of Ukraine, it must be protected. The difference between 1654 and the present time is that then it was the 17th century, and now it is the 20th century. Russia is simply not able to restore the empire.

Moscow Keen To See Kiev-Simferopol Resolve Problems

LD0108192394 Moscow INTERFAX in English 1757 GMT 1 Aug 94

[Text] Moscow is keen to see Ukraine and Crimea sign a power sharing agreement to help defuse tension in their relations, head of the State Duma's committee for CIS affairs Konstantin Zatulin said after a recent visit to Kiev and Simferopol.

In an interview with Interfax, Zatulin said the theme was high on the agenda of his meetings with Ukrainian and Crimean Presidents Leonid Kuchma and Yuriy Meshkov. He said that although Kuchma held out promises of such a deal during his election campaign, many of his former opponents advised him to drop the idea.

Zatulin believes that the proposed law on local councils, currently being discussed by the Ukrainian parliament, will give by far the greater say to the chairman of any local council than the Crimean president has under the present power sharing deal.

He is also convinced that a stable relationship between Kiev and Simferopol is equally important for the signing of a comprehensive treaty between Russia and Ukraine.

Russian Troops Evacuate Property From Estonia

LD0108214194 Moscow 2x2 Television in Russian 2055 GMT 1 Aug 94

[Text] Two train loads of property belonging to Russian military units left Estonia last weekend. According to the information provided by the Estonian railways state enterprise, another 12 trains with military hardware and property will leave Estonia in August. The last one will depart on 28 August.

Estonian Divergence on Yeltsin-Meri Deal Hit

MM0208101594 Moscow IZVESTIYA in Russian 30 Jul 94 p 3

[Report by Leonid Levitskiy: "Two Wise Presidents Before the Court of the Estonian Ministry of Justice"]

[Text] Tallinn—The Estonian press cites, not without sarcastic satisfaction, the remarks of Russian President Boris Yeltsin after the agreements on the withdrawal of Russian troops by 31 August and on social guarantees for military pensioners which he signed with Estonian President Lennart Meri: "The experts tried to reach agreement, the deputy foreign ministers tried to reach agreement, the foreign ministers tried to reach agreement—but they did not reach agreement. Today two wise presidents have reached agreement."

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People in Estonia would agree with this self-appraisal, if not for Boris Nikolayevich's stipulation that military pensioners will possess rights alongside Estonian citizens. This has very much shaken their faith in the wisdom of President Lennart Meri.

Prime Minister Mart Laar at once reassured the Estonian people from the television studio:

"The powers of President Yeltsin and President Meri are cannot be compared. Whatever Lennart Meri has signed, it is the government and parliament who have the final say."

Shortly afterward the prime minister reassured his compatriots: Only those pensioners who are given residence permits will receive equal social rights, and a permit will not be given to any former military person whose residence in Estonia could threaten its security. The majority of military retirees are dangerous to the state and should move to Russia or any other CIS republic.

In order to finally reassure himself, Mart Laar is sending the Russian-Estonian agreements to his own Ministry of Justice for expert analysis. It will check the agreements for conformity to Estonian laws. Then the government will itself give an assessment of the agreements. After that, parliament will assess them.

President Lennart Meri is seeking to dispel the clouds over the agreements just signed. He held a news conference at which he vigorously argued: "We have signed a good treaty."

Lennart Meri insisted to the journalists that resident permits will be issued to former officers in strict accordance with Estonian laws. Referring to lists of veterans sent to him by Russian Ambassador Aleksandr Trofimov, the president cited the following figures. There are over 10,000 people on the lists. Of these, 5,000 are over 65—"it is ridiculous to talk about these people as a fifth column."

Even the much-experienced Lennart Meri probably never suspected what an avalanche of mud and insults his visit to Moscow and signing of the documents would provoke. Academician Endel Lippmaa, possible right-wing candidate for president, roundly condemned the agreements. Parliament, the academician argues, will never ratify them—otherwise Estonia would become a Russian protectorate. If parliament dared to ratify them, "No one will ever elect the current deputies to parliament again." Endel Lipmaa furiously savaged the agreement and the president in the newspaper HOMMIKULEHT. Who is President Lennart Meri? A KGB agent with the sobriquet Nikolayev. During the presidential election campaign the newspapers wrote that Meri is an agent by inheritance. First the KGB recruited his father, an arrested Estonian diplomat. Then the teenage son. Now the academic is turning hints into cast-iron facts.

Who is Foreign Minister Juri Luik, in the academician's opinion? Yuriy Gavrilov, a half-Russian with close ties to Russia. The time comes, their "masters" summon them to Moscow—and the agreement making Estonia a Russian protectorate is signed....

Ants Erm, chairman of the "Pravaya Estonia" alliance of right-wing parties, a young politician from the Estonian emigration, believes that the signing of the documents is treachery, and those who signed it are traitors.

Just 24 hours after the signing of the agreements in Moscow Prime Minister Mart Laar, his entourage, and even President Lennart Meri are "reading" the lines of the documents differently from Andrey Kozyrev and his aides, and, evidently, differently from the way Boris Yeltsin understood these lines.

M. Laar: The majority of pensioners undoubtedly present a danger and hence will not receive residence permits.

V. Svirin, head of the Russian delegation at the talks with Estonia: Russia will not allow free interpretation of the agreement with Estonia on military pensioners. Refusal to issue a residence permit is possible only in exceptional cases. For this it is necessary to prove that a person is engaged in activity which threatens the security of the Estonian state. Former work in legal state organs cannot be considered a pretext for discrimination.

One would like to know how Russia will force Estonia to interpret the documents "in the Russian manner." Vasiliy Svirin is an experienced diplomat. In two years of contact with his Estonian colleagues he can scarcely recall one signed document interpreted the same way in Moscow and Tallin. It is a pity that the meeting of the "two wise presidents" was so short-lived, and that neither they nor their teams managed to collate their understanding of the newly signed agreements.

Envoy on Efforts To End Nagorno-Karabakh Conflict

LD0108211694 Moscow Radio Moscow World Service in English 1810 GMT 1 Aug 94

["Exclusive" interview with Vladimir Kazimirov, Russian President Boris Yeltsin's envoy and head of the Russian mediatory commission on the political settlement on the Nagorno-Karabakh conflict, by unidentified correspondent; date and place not given—recorded, Kazimirov in Russian fading into English translation]

[Text] [Kazimirov] The fierce, brutal, and bloody armed confrontation in this triangle has been raging for more than six years now. There have been many casualties, destruction, and a great number of refugees. They number more than 1 million in Azerbaijan, and this is a seventh of the total population of Azerbaijan. The economies of the Transcaucasian states have been adversely affected. Individual neighboring states are suffering peculiar damages because of the cut off of short routes of

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countries like Russia, Iran, and Turkey. [sentence as heard] The conflict is poisoning the international atmosphere.

[Correspondent] There has been no fighting in this hot spot in the past two months. What has led to such a long period of relative lull?

[Kazimirov] There have long been objective conditions for a halt to the conflict. The people are tired of the cruel confrontation. Armenia is in serious trouble. It is experiencing acute difficulties in transportation and energy supplies because of a blockade. It is, however, a different thing, for the ripening of the subjective conditions is continuing. [sentence as heard] Some political forces, especially in Azerbaijan, are using the conflict to seize power. There are also other forces that are hampering the search for a peaceful settlement of the conflict. These are the criminal mafia structures who are feeding fat on this war, making money from the sale of fuel, oil, and guns. There is yet another third factor with which one has to contend because it is a reality. A generation has grown in the war years who do not know any other thing except holding a gun. They are the victims of the older generation, victims of those fighting for supposedly national ideals that are causing such endless sufferings to their own people.

[Correspondent] Judging from the latest reports, there are hopes that a large-scale agreement is close to being hammered out that could put the relations between Azerbaijan, Nagorno-Karabakh, and Armenia on a civilized basis.

[Kazimirov] For more than one and a half years Russia has been working on a draft agreement on a cease-fire and a halt to the armed conflict and has been maintaining close contacts with leaders of the warring sides. It would be extremely naive to believe that the conflict could be stopped at once. We are working towards a stage by stage settlement of the crisis.

Parliament Delegation Reviews Abkhazia Visit

LD0108190094 Moscow ITAR-TASS World Service in Russian 1339 GMT 1 Aug 94

[By ITAR-TASS correspondent Anatoliy Yurkin]

[Text] Moscow, 1 Aug—Russia's diplomatic and peacemaking steps "are helping to stabilize the situation in the Georgian-Abkhazian conflict zone," Vadim Gustov, chairman of the committee for CIS affairs under the Federation Council, said today. He held a news conference on the results of a visit by a delegation of Russian parliamentary deputies to the conflict area.

According to him, the situation in the region is calm at the moment. Fighting and subversive activities have stopped. The refugee issue is being solved, albeit slowly.

Replying to a question by an ITAR-TASS correspondent, Vadim Gustov said Russia's efforts to stabilize the situation are coming up against prejudice on both sides. For instance, the Georgian side has not after all this time withdrawn its troops from the Kodor Gorge, while the Abkhaz side is delaying the repatriation of refugees. The question of Abkhazia's political status remains unresolved. In the parliamentarian's opinion, "this will require top level consultations and meetings."

Filatov Says Close Ties With Poland To Continue

LD0108203994 Moscow ITAR-TASS in English 1938 GMT 1 Aug 94

[By ITAR-TASS correspondent Aleksandr Potyomkin]

[Text] Warsaw August 1 TASS—Poland will always be connected with Russia by ties of close cooperation, Russian President Boris Yeltsin's Chief of Staff Sergey Filatov said.

In an exclusive interview with ITAR-TASS on Monday, Filatov, Who is in Poland to attend the memorial observances devoted to the 50th anniversary of the Warsaw uprising, said that his talks with Polish authorities had revealed their concern about the fact that many agreements, contracts and deals concluded between Russia and Poland remain on paper.

"I said once again that this depends on our internal situation and the severest instability we have gone through," Filatov said. "We are entering the same water, but in a new state. We will certainly pay due attention to these issues and especially to relations with Poland. I believe that by Russian Prime Minister Viktor Chernomyrdin's visit to Poland this autumn we will be able to find the answers to all questions. I think that I have managed to persuade my Polish partners," he said.

Asked about the anti-Russian campaign leashed out by some Polish political circles and protests by some public and war veterans' organisations against Polish President Lech Walesa's decision to invite the presidents of Russia and Germany to the observances, Filatov said Russia could not reject the invitation.

"Whether we like it or not, but we were fighting the Nazi together, on one side, in one coalition. Unfortunately, the totalitarian Stalinist system caused a lot of harm not only to our country. Like metastases it spread over to other countries as well. But today the most critical situation is in Russia for it is the legal successor to the Soviet Union. It is very important therefore to find courage and strength to make a fair and pure analysis of what has happened. All what must be reviewed ought to be reviewed," Filatov said.

"I think that these events will also be reevaluated because we see the biasness of both sides. And naturally the political interests of each side which have led to some unserious [as received] actions. We are all humans and can understand what the Poles feel. But this fuss around Russia and its participation in the observances has done more harm to the Poles themselves. If the tone and

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approach of the political forces involved were different, Russia's attitude and participation would also be different. But most importantly, irrespective of who is taking part in these events, Russia pays tribute to the memory, glory and the dramatic fate of the uprising," Filatov said.

The uprising broke out in Nazi-occupied Warsaw on August 1, 1994. It lasted 63 days and involved over 50,000 armed people. However, despite rebels' courage, allies' support and air drops of medicines and food, the revolt was crushed. About 17,000 of its participants were killed and missed in action. The Nazi killed over 150,000 civilians in Warsaw which was liberated by the Soviet Army in January 1945.

Historians and politicians have split in their assessments of the uprising. Some Polish scholars are trying to put the blame on the Soviet Union and the Soviet Army, saying they "passively observed from other side of the vistula" Warsaw's demise. They maintain that "the USSR and Stalin personally are as much responsible for the tragedy and the devastation of Warsaw as the Reich and Hitler."

At the same time, Polish military historians admit that according to the plans drawn up by the Polish Army the uprising was supposed to be aimed against the Nazi from the military point of view and against the Soviet Union from the political point of view in order to restore the pre-war Polish Government that had fled to London, pending the arrival of the Soviet Army.

Polish President Lech Walesa's decision to invite the presidents of Russia and Germany to take part in the observances has provoked a controversial reaction in society. Right radicals in the Polish parliament urged Walesa to cancel the invitations and demanded that "the Russians should not be invited unless they repent."

Swiss Army Chief of Staff Visits

LD0108154494 Moscow ITAR-TASS in English 1356 GMT 1 Aug 94

[By ITAR-TASS correspondent Sergey Ostanin]

[Text] Moscow August 1 TASS—Swiss Chief of Army General Staff Arthur Liner arrived in Moscow on a visit on Monday.

This is the first visit to Russia by a Swiss military official of such level in the history of bilateral relations, the Russian Defence Ministry Press Centre told ITAR-TASS.

During the six-day stay, Liner will meet with his Russian counterpart Mikhail Kolesnikov, tour the Zhukovskiy Air Force Engineering Academy, take a trip to an air force garrison in Kubinka outside Moscow and visit the 27th peace-keeping motorised infantry division.

Meeting journalists on the eve of his visit, Liner said that he planned to familiarise himself with Russia's Armed Forces and its military doctrine and tell his Russian colleagues about the Army-95 reform now underway in Switzerland.

Russia and Switzerland have traditional, historic ties, he noted. Liner said positive developments in Europe after the collapse of the Berlin war [as received] encourage optimistism. This optimism is based on the new spirit that has emerged on the continent and which reflects self-confidence, willingness to promote unity and deep-rooted democracy, pluralism and a market economy, he added.

Owing to the changes in the world, Switzerland is no longer subject to a direct threat. However, he said that global problems cause new risks that the world has to deal with.

Russia Seeks Cooperation With DPRK

LD0108160594 Moscow INTERFAX in English 1352 GMT 1 Aug 94

[From the "Diplomatic Panorama" feature by correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[Text] Moscow hopes that participants in the next round of American-North Korean talks opening in Geneva on Friday will find a solution to North Korea's nuclear problem at last, the chief of the Korean section of the Russian Foreign Ministry's Asian Department, Valentin Moyseyev, told Interfax on Monday.

"It's very important to us that an appropriate agreement should be reached at the upcoming meeting," the high-ranking diplomat stressed.

He drew attention to the fact that the "sensational" statement made in Seoul by a North Korean defector recently as to Pyongyang's having five nuclear warheads emerged just on the eve of talks between Washington and Pyongyang. "The defector came to South Korea about two months ago, but the "hot" news was published only now," Moyseyev said.

Besides, an inter-Korean summit is still on the agenda, he noted. "Such unconfirmed allegations are not conducive to creating an atmosphere of dialogue," the diplomat stressed.

At the meeting between Kim Il-song and the former American President, Jimmy Carter, held not long before the North Korean leader's death, the two sides made mutual concessions, Interfax's interviewee pointed out. The son of the late North Korean leader, Kim Chong-il, pledged to continue his father's policy. "The American-North Korean talks are to clarify this issue," the diplomat said.

With reference to relations between Russia and North Korea he conceded that "there are problems" between Moscow and Pyongyang. "However our stand remains unchanged: we must have even inter-state relations and

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further the rich traditions of cooperation with our neighbor," Moyseyev pointed out.

In answer to Interfax's request to comment on the press reports that a group of Russian specialists is to go to North Korea for the purpose of embalming the body of Kim Il-song, Moyseyev said that he has no official information on this score. "But if such a trip takes place, it will not be a state-sponsored one," he added.

Border Violations by Chinese on Increase

MM0108124394 Moscow PRAVDA in Russian 30 Jul 94 p 1

[Report from the PRAVDA, ITAR-TASS roundup under the "News in Brief" rubric: "Host of Uninvited Guests"]

[Text] Violations of the state border by citizens of neighboring China have increased sharply in the Far East. Not a day passes without the border guard troops detaining some uninvited guests. Two nights ago the border in the Maritime Kray was violated in two sectors at the same time. Since the beginning of the year 257 border violators from China have been detained in the Maritime Kray sector of the Russian border.

Japanese Company To Fund Plant Modernization

LD0108163394 Moscow ITAR-TASS in English 1521 GMT 1 Aug 94

[By ITAR-TASS correspondent Oleg Velichko]

[Text] Moscow August 1 TASS—The Japanese company Mitsui has announced its plans to invest about 240 million U.S. dollars in the modernisation of an oil refinery in Yaroslavl, central Russia.

An agreement to this effect was reached during First Vice-Prime Minister Oleg Soskovets's meeting with Mitsui President Naohiko Kumagai in Moscow on Monday.

Soskovets said that many Russian enterprises moving to market- oriented production relations are looking for potential foreign investors to help finance their modernisation. One of them, Mitsui, recently reached an agreement with Moscow's Azlk automobile plant to provide 140 million U.S. dollars to buy new equipment for its assembly lines.

Deputy Russian Finance Minister Igor Selivanov said that both projects will be funded against the government's guarantees, which means that the enterprises will enjoy certain privileges in paying off the credit.

Well informed government sources told ITAR-TASS that Mitsui intends to sign a 700 million U.S. dollar agreement with the joint stock company Lukoil to buy equipment to restore oil wells. The Japanese company also plans to conclude a 400 million U.S. dollar deal with the joint stock company Gazprom to buy pumping plants for the Yamal gas pipeline. At the same time, the company wants to take an active part in the Sakhalin-2 project, the initial stage of which is estimated at 10 billion U.S. dollars, according to Kumagai.

Government experts said that other joint projects involving Mitsui include the modernisation of the Kemerovo by-product coke plant and the St. Petersburg plant Impuls.

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Political Issues

Filatov Discusses Chechen Situation

LD0108161294 Moscow INTERFAX in English 1443 GMT 1 Aug 94

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] Chief of staff of the Russian president, Sergey Filatov, flatly disagrees with the view that the recent government statement on the situation in Chechnya indicates of a tightened position of the Russian leadership and its departure from the course aimed at a political settlement of relations with the republic. In an interview with Interfax he described as "balanced and untough" the Cabinet's statement made public last Friday. IF Note: In its statement the government said that if violence continues to be used against the citizens of the Russian Federation, be it the Chechens, or Russians, or the Ingushis, it will be forced, in line with the Russian Constitution and the Russian laws to protect the citizens of Russia. The statement also says that the ambitious policy by Chechen President Dzhokar Dudayev, who is attempting to present Russia as an "aggressor" and the "enemy" of the Chechen people, has brought the republic to isolation from Russia. The Russian Government confirmed that the way to accord and peace in the Chechen Republic passes through free democratic elections, the normalization of its relations with Russia on the basis of agreements.

According to Filatov, some Russian media interpreted the government statement in the way that many, including in the Chechen Republic, could "feel in the document elements of tightness". Filatov said that Russia still adheres to the ideals of a political settlement of relations with the republic. Asked whether the possibilities of the political dialogue with the Dudayev regime are exhausted, he said: "Why with Dudayev? It is a question of the Chechen Republic. If sound forces appeared there, they must be backed. Only those forces may bring order in the republic".

Filatov said under the "sound forces" he means the Provisional Council led by Umar Avturkhanov. He said that so far it was unclear what will be the framework of the talks between the Russian leaders and representatives of the "Chechen sound forces". " So far there are no such forces. Let's wait and see," said Filatov. IF Note: The oppositional Chechen Provisional Council, at its session on July 30 at the Nadterechny Region of the republic, adopted a political declaration, decrees on power, elections and on the government formation for the transitional period. The Provisional Council approved the Russian government's statement about the situation in the Chechen republic, Interfax was told by other sources close to the Council leadership. Speakers at the session presided by leader Avturkhanov, said that the Russian government statement is the answer to the Council's address to the Russian authorities. The source said that the majority of the Chechen people is waiting for the help of the Russian government in the hope that an end will be put to the lawlessness.

The leader of the president's administration links the appearance of the government statement with the fact that there is an opinion in the Chechen Republic on the "underground assistance" of the Dudayev regime by the Russian leadership.

According to Filatov, the statement is adequate to the situation in Chechnya where the "situation is destabilized and human rights are being violated".

"It even went that far that heads are being cut and displayed at squares to frighten people," said Filatov. No reaction of the Russian government and leadership would be "strange under these conditions".

The Russian government statement on Chechnya has caused a negative reaction of the Chechen authorities.

The Chechen Security Council at its session on Saturday in Groznyy took necessary measures to strengthen the republic's security and prevent provocations on the part of Russia against the Chechen people, said official sources in Groznyy.

Speakers at the session marked the strengthening of the "anti-Chechen activities" of the Russian leadership. The large-scale propagandist campaign launched by Moscow, believes the official Groznyy, indicates of the "panic" reaction of the Yeltsin administration to the establishment of close contacts between the Chechen leadership and "the promising national-patriotic forces of Russia and the influential representatives of the Russian military-political establishment".

Shakhray Urges 'Consultations' With Chechen Opposition

MM0208112094 Moscow ROSSIYSKIYE VESTI in Russian 2 Aug 94 p 1

[Report by Gennadiy Sobolev: "Moscow Demands That Groznyy Cease Its Arrogant Policy"]

[Excerpt] [passage omitted]

Sergey Shakhray: Topic of Consultations—a Draft Treaty

Russian Government Vice Premier Sergey Shakhray has spoken in favor of holding a meeting with representatives of the Provisional Council of the Chechen opposition with a view to normalizing the situation in that northern Transcaucasian [as published] republic.

Sergey Shakhray believes that "the topic of consultations and the basic formula for a settlement of the conflict could be a draft treaty on delimitation of areas of jurisdiction and mutual delegation of powers between the authorities of Russia and the Chechen Republic." Therefore, he went on, "I believe that the government

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could recognize the Provisional Council as one party to the talks in such consultations."

This stance, the vice premier is convinced, could serve as a "factor for uniting and coordinating interests within the Chechen Republic," since, Sergey Shakhray believes, "all forces will see that Russia's position on this matter is unequivocal."

"The Provisional Council, if it really controls those territories and structures it claims to, and also enjoys the support of the population of Chechnya," the Russian vice premier believes, "could make a weighty contribution to a peaceful settlement of the conflict." [passage omitted]

Officials Cite Chechnya Atrocities

LD0108181194 Moscow ITAR-TASS in English 1749 GMT 1 Aug 94

[By ITAR-TASS correspondent Yuriy Shcherban]

[Text] Moscow August 1 TASS—Russian Interior Ministry top officials accused the breakaway Chechen Republic of beheading three people who helped in June Russian paratroopers capture terrorists on Chechen territory.

Their heads were on display on Groznyy's central square, Deputy Interior Minister Anatoliy Kulikov, Deputy Head of the Ministry's Department Fighting Organised Crime Boris Baturin and a Security Force Commander Valeriy Kruglov told a news conference on Monday.

During the latest round of talks on the extradition of terrorists who were involved in a similar hijacking earlier this year (one of them is still staying in Chechnya) Chechen Leader Dzhokhar Dudayev told Baturin "not to come next time" to Chechnya. The officials said that it is "impossible to get terrorists out of the Chechen Republic now."

The officials said that during the latest operation to free the hostages taken by the terrorists in a copycat hijacking in the resort city of Mineralnye Vody, southern Russia, last week, Chechen Public Prosecutor Isman Imayev warned that the Chechen military would shoot down any plane or helicopter which would enter Chechen airspace without obtaining written consent from the Chechen authorities in advance. They argued the demand was impossible to meet as there was no time for observing such formalities.

In an interview with ITAR-TASS, Kulikov, Baturin and Kruglov said they had ordered their elite force to storm the helicopter in which the terrorists held the hostages after one of the woman hostages had been shot dead on July 29, 1994. They said it was the last straw that forced them to issue the order.

Although the Crisis Management Committee had worked out several variants of the operation to free the hostages and Central Bank Chairman Viktor Gerashchenko had provided a considerable sum to pay the terrorists, the hostages had little chance of survival, Baturin said.

He told ITAR-TASS that "if the terrorists left the helicopter with the bags of money on the Chechen territory, there was nothing to keep them from throwing a grenade into it."

State of Emergency Zone Proposed as Antihijack Measure

MM0108124794 Moscow TRUD in Russian 30 Jul 94 p 1

[Report by Yuriy Dmitriyev: "Alas, There Are No Guarantees For Tomorrow Either"]

[Text] Here we go again, Mineralnyye Vody, the airport, a bus full of hostages.... But this time there was a tragic outcome. Blood was shed. There were four fatalities. A helicopter was burned out. Not long ago, General Mikhail Yegorov, a leading specialist in combating organized crime, said the following at a meeting with journalists at the Russian Ministry of Internal Affairs:

"We are doing all we can to save the innocent, defenseless people who have fallen into the clutches of armed criminals. Our task is to prevent bloodshed and casualties."

This plan had hitherto been successful. This time it is as yet unclear why the leadership of the operation made the decision to storm the helicopter, which led to the tragedy. As we were told by the Federal Counterintelligence Service Public Relations Center, five people from the storming party were also wounded. Four pistols and several F-1 grenades were taken from the terrorists.

The following question comes to mind: Should this region not be declared a state of emergency zone, or should we establish something along the lines of a security area? Maybe special army or border guard subunits should be brought in. We have a well-oiled system for protecting senior officials in the state, as well as strategic and other important installations. Should we not imitate the experience of these special services, should we not utilize their capabilities? After all, we are talking about people's lives, and the peace of mind and security of the population. And finally, the state's prestige.

This is what Mikhail Avdyukov, chief of the Russian Federation General Prosecutor's Office Administration To Monitor the Implementation of Laws on Federal Security and Interethnic Relations, said:

"It must be noted that terrorism is primarily affecting areas adjacent to the North Caucasus. At the same time, I cannot share the opinion of certain mass media that there are ethnic characteristics in this type of crime. That is, reports that say that the majority of dangerous crimes

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are committed by people of so-called 'Caucasian nationality.' This attitude and assessment are incorrect, since dangerous crimes are, unfortunately, widespread throughout the country's entire territory. At the same time, such acts are undoubtedly connected with the unrestricted circulation of weapons, explosives, and ammunition, which the criminal elements can easily use for the purposes of such actions in these areas."

Anticrime Edict 'Serious' Human Rights Violation

LD3007104594 Moscow ITAR-TASS in English 0914 GMT 30 Jul 94

[By ITAR-TASS correspondent Anna Melnikova]

[Text] Moscow July 30 TASS—Human rights problems in Russia were in the focus of attention of participants in a session of the Public Chamber under the president of the Russian Federation, held here today.

Sergey Kovalev, chairman of the Human Rights Commission under the Russian president, made a report at the session. He singled out the spheres, in which human rights violations were registered more often, than in others, during the past year. These are: the observance of the rights of refugees and forced migrants, human rights at penitentiary institutions, the freedom of movement and the choice of a place of residence, human rights of citizens during their service in the Armed Forces and during their labour activities.

Kovalev expressed concern over the fact that the right of people to obtaining information is being violated in Russia, and the authorities sometimes show neglect to human rights.

In the opinion of Kovalev, "the president's decree on the anti-crime struggle is also a serious violation of human rights."

After the end of the session the public chamber intends to send to the president recommendations on a draft federal programme of action for protecting human rights.

Intelligence Official Denies 'Psychotropic Weapon'

LD0208090594 Moscow ITAR-TASS in English 1951 GMT 1 Aug 94

[Text] Moscow August 1 TASS—A Russian counterintelligence top official has denied media reports about a secret psychotropic weapon as total nonsense.

Speaking on the Russian television show "Good Evening, Moscow" on Monday, Andrey Bykov, deputy counterintelligence chief, described media reports that the Soviet KGB and then the Security Ministry had developed "a weapon that can cause the president's heart to stop any moment" as total "nonsense."

"It simply does not exist," Bykov said.

He pointed out that the authors of many articles and publications had based their writings on unverified information and rumours maintaining that in 1987 the Central Intelligence Agency and the Soviet KGB had allegedly signed an agreement to develop a psychotropic weapon.

"No such documents ever existed. No one signed such documents," Bykov said.

Asked if there are technical facilities which could be used to control human consciousness, Bykov replied that "today there are no even prerequisites for their development. This is my personal opinion and the official opinion of our service."

Proliferation of Parties Pondered

MM0108160594 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jul 94 First Edition p 2

[Article by Aleksandr Batygin: "Everyone Keen To Take the Wheel"]

[Text] ...Every day the editorial office receives faxes, letters, teletype messages, and telephone calls inviting journalists to attend the birth or baptism of new political parties, alliances, or associations. We get multitudes of invitations to news conferences and "roundtables," including thoughtful references to refreshments after the official events. It's all done on a respectable basis.

...It is astonishing, the changes that have taken place in the land of our birth. Yuriy Afanasyev, co-chairman of the Interregional Deputies Group [IDG], recently recalled how there was a long silence in the hotel room when Academician Sakharov said something about the need to create an opposition faction within the congress of soviets. At that time, in May 1989, the academic's proposal sounded so unexpected and even seditious.

The first experience of overt political struggle with the Soviet regime was linked with the birth of the IDG—which was by no means a party but rather a club with an indeterminate membership. But every one of the IDG's members was putting himself at risk at the time. Nowadays you don't have to put yourself at risk. What is there to fear? You won't be fired, imprisoned, exiled.... But the lack of experience or an ethos for conducting political disputes is assuming truly post-Soviet forms. "Putting the boot into" top state officials by feeding the masses the popular explanation that they are leading them "in the wrong direction" is becoming a commonplace, favorite, completely safe, and even profitable occupation.

A few days ago I happened to be present at the "birth" of yet another formation in the motley palette of party life. In the State Duma Igor Yakovenko, chairman of the Subcommittee on the Press, and Vyachelav Shostakovskiy, member of the Education, Science, and Culture Committee, announced the creation of the Democratic Alternative Party. Now who in the past would have even

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hinted at the creation of any essentially illegal antigovernment organization? Nowadays people can do this. It is overtly a question of an alternative to the existing authorities.

"The government has no program for extricating the country from the crisis," I. Yakovenko said. "What is there for us to stabilize? The recession, the plunge into the abyss?..."

Unusual, painful to listen to? Perfectly normal! It's just the politicians rabble-rousing in their offices and headquarters rather than on the barricades. We'll get used to it!

A few words about the new party and its place in the "overall system." Its leaders are members of the "Yabloko" parliamentary faction. Its activists are mainly young intellectuals. The Democratic Alternative Party's political statement has already been signed by representatives of 23 regions. It transpires that it precisely on the regions that it intends to rely. But, excuse me, you can find all this, or more or less all of it, in the Party of Russian Unity and Accord [PRUA], which was officially registered a long time ago. So how do they differ?

"Shakhray's lot want a bigger share of the budget for themselves for the regions," I. Yakovenko explains. "But that means taking budget funds out of one person's pocket and putting them in someone else's. Our proposal, by contrast, is to shift the center of gravity to the localities so the regions support themselves, intensifying the reforms. This is what is being done in Nizhniy Novgorod, for example."

Maybe there is indeed a hint of something new here. But the list of possible "general secretaries" includes the same old familiar figures—Grigoriy Yavlinskiy and Boris Nemtsov. Incidentally, the former recently confirmed his intention to submit his candidacy for the next presidential elections. Yet another explanation for the birth of the new party inevitably suggests itself: Yavlinskiy's "fellow comrades" were pushed into this decisive step because "Russia's Choice" finally became a formalized party, the influence of the LDPR [Liberal Democratic Party of Russia] and the "implacable opposition" has not weakened, and of course, a new phase has started in the struggle for the Kremlin throne, which will only be winnable if you have a party to rely on.

But let's not take such a one-sided view of the process going on around us and see every newly emerging party as merely an instrument for getting into power. Especially since Svyatoslav Fedorov, leader of the just emerged People's Self-Government Party, particularly stressed: "I'm not after the presidency!" And Sergey Shakhray, leader of the above-mentioned PRUA, assured those who share his thinking at a party presidium and federal council meeting: "The PRUA will not defect to the opposition but will main loyal to the president and government."

Meanwhile yet another new arrival—"Russia's Democratic Choice" [RDC]—has started to form regional structures in Moscow and St. Petersburg, having announced the start of preparations for the 1996 parliamentary elections. RDC Executive Committee Chairman Oleg Boyko, who is a typical representative of the "new Russians"—he is also president of the "OLBI" concern and chairman of the board of the "National Credit" bank—considers that the RDC today is "the most serious organization capable of resolving democratic tasks."

"You can give a starving man fish or you can give him a fishing line. We intend to provide the fishing line and give fishing lessons," was the colorful way O. Boyko explained his tasks in an ITAR-TASS interview. Prosperity through party membership? We've been through that before, haven't we?

The successful businessman is being a bit of a tease, incidentally: The liberal idea underlying the RDC is not too popular in Russia, the RDC's rules do not permit its members to belong to other political organizations, and the involvement of big bankers and businessmen in the creation of the party scares off ordinary citizens, who regarded Yegor Timurovich [Gaydar] and company's party as "a rich man's party."

Remember the Komsomol's cherished dream: "Party, give us the driving wheel!" Today over 50 parties registered with the Ministry of Justice would not be averse to taking the wheel.

Everything used to be perfectly clear and simple: Forward following the CPSU! Even today it is not abandoning its much-loved vanguard role. Indeed it would be wrong to deny it a real and weighty influence on the course of events in the country. It is one of the most influential factions in parliament. In the view of Communist leader Gennadiy Zyuganov, forces sharing socialist and national-patriotic ideas are now in power in approximately 70 regions.

The current Communist leaders prefer not to mention totalitarianism, the former ideological stranglehold on everything, their predecessors' desire to build "the most humane society on earth," the dictatorship of the proletariat. But they are still seeking power. The Communist Party leader regards the following as the optimum scenario for the development of events: the coming to power of patriotic forces under the flag of social justice, friendship of the peoples, and so forth coupled with theses of a strong state.

His words are soft.... But in reality, as we know, everything turns out much tougher when society has a leading and directing force. Today's Communists are sometimes even accused of sliding into social democratic positions. My view is that this trend is only verbal. If, God forbid, it should get to the point of actual leadership, the forms and methods which were tried and tested over decades would be brought into play.

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So where are the real social democrats? Those who draw their support from stable democratic standpoints and the middle social stratum? In our country this niche still seems to be empty; its time has not yet come, because our middle class has nothing in common with the one—the Western middle class—on which social democracy developed.

Prospects? Obviously there are prospects. In particular the former USSR president particularly stressed at a Gorbachev Center conference: There are only two forces capable of offering alternative values—social democrats and nationalists.

Otherwise, according to Mikhail Sergeyevich, the question is stark: Either...or.... Vasiliy Lipitskiy, chairman of the Russian People's Social Democratic Party Executive Committee, noted not without heat: Social democracy is a spark which has yet to cause a flame. Clearly a pointed remark.

...The State Duma passed the draft federal law "On Political Parties" at the first reading. As we can see, the need for it is extremely urgent. The collapsed monopoly of the one-party system has resulted in the birth of dozens of parties of the most diverse hues.

Newspaper Reduces Size of Issue by Half

LD0108123594 Moscow INTERFAX in English 1015 GMT 1 Aug 94

[Text] The newspaper ROSSIYSKIYE VESTI beginning from August 1 until the end of the year will be forced to cut the size of its publication in half: it will go from eight pages to four.

Editor-in-Chief Valeriy Kucher explained this by the fact that over the first six months of the year the newspaper received only 30 percent of the promised funding causing debts to printers and distributors.

The newspaper is also forced to slash its circulation from 400,000 to 85,000 copies causing many complaints among its readers.

Economic Issues

Grain Harvest Revised Down to 90-94 Million Tonnes

MM0208090194 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 2 Aug 94 p 1

[INTERFAX report: "Outlook For Grain"]

[Text] According to the clarified forecast from the Federal Service for Hydrometeorology and Environmental Monitoring, Russia may harvest around 90-94 million tonnes of grain this year from 57 million hectares. This will be less than last year's 99.1 million tonnes from 60.9 million hectares and the average for the past five years of 103.3 million tonnes from 62.5 million hectares.

The service's experts are noting that July saw moderately warm weather over most of Russia—favorable conditions for the grain harvest and for pulse crops. But dry weather conditions in the North Caucasus, which is Russia's main grain-producing region, have led to a 2-million-tonne downgrading of the forecast gross grain harvest (compared with the preliminary forecast).

In particular, the gross harvest for the country as a whole is being assessed at 27-28 million tonnes for winter wheat and rye, 17-19 million tonnes for spring wheat, 25-27 million tonnes for spring barley, 1.7-1.9 million tonnes for corn, and 0.8-1.0 million tonnes for buckwheat.

Fuel Stocks 5 Million Tonnes Down on Last Year

MM0108134694 Moscow SELSKAYA ZHIZN in Russian 30 Jul 94 p 1

[Unattributed report: "Winter Approaching"]

[Text] Fuel stocks in Russia's national economy as a whole in July were down on last year's level by 5 million tonnes of standard fuel. A BIZNES-TASS correspondent learned this from sources at the Russian Federation Ministry of Fuel and Energy. Sector experts note that in order to eliminate the shortfall, in the third quarter of this year the rate of accumulation must be increased by more than 50 percent compared with last year, and by as much as 200 percent in certain regions.

Special concern is prompted by the situation regarding the accumulation of fuel stocks in regions of the Far East, Siberia, and the North.

Officials Ask MMM President To Appear 3 Aug

LD0108172194 Moscow ITAR-TASS in English 1617 GMT 1 Aug 94

[By ITAR-TASS correspondent Igor Galkin]

[Text] Moscow August 1 TASS—The Russian Finance Ministry and the State Anti-Monopoly Committee have sent MMM President Sergey Mavrodi a letter inviting him to personally appear for a working meeting on August 3.

At the same time, in the letter the authorities have proposed that MMM's management complete a full registration of all its shareholders by October 1 in order to give the public a better idea of what is going on with the company.

Russia's financial powers have also suggested that an independent auditing of MMM's financial documents be held before October 1 in order to determine the company's real assets and inform the public what property MMM actually has. The State Anti-Monopoly Committee has asked mavrodi to collect and submit information on the investment activity of all the legal entities created with his participation by August 15.

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In its turn, the Finance Ministry is waiting for an account of the use made of MMM certificates. Finance Ministry experts think it necessary to withdraw from circulation such surrogate securities as the MMM "tickets" (worth one-hundredth of a share) by buying them from the population. The tax bodies are also trying to collect all the necessary documents connected with the company's calculation and payment of taxes.

The letter to Mavrodi also mentions that MMM's advertisements should be banned, since they violate President Boris Yeltsin's decree "on the protection of investors' interests". The Anti- Monopoly Committee has sent a notice to all advertisers to cancel the MMM ads which violate the president's decree.

The Anti-Monopoly [Committee] and Finance Ministry's joint letter to Mavrodi has been sent to all of MMM's legal addresses, and a registered letter has been sent to his home for personal delivery.

Referring to the letter, First Deputy Finance Minister Andrey Vavilov told ITAR-TASS that it reflects the authorities' efforts to collect more information about MMM. That, in turn, will help shareholders decide what to do with their company.

Two Hundred People Receive Old Price for MMM Shares

LD0108185194 Moscow INTERFAX in English 1757 GMT 1 Aug 94

[Text] By 20:00 on Monday over 200 share-holders of MMM corporation were paid the old price for their shares on account of extraordinary circumstances, according to the deputy head of the commission for emergencies Sofia Rayevskaya. She said the death of a close relative, marriage and the urgent payment of a debt are considered extraordinary circumstances. The commission checked 1500 applications turning down only 30. The payment of money will continue on Tuesday.

A commission member told Interfax that applicants can sell their shares for 115,000 rubles - the rate for last Thursday. Last Friday the company dropped the buying rate to 950 rubles.

The 15 member commission was formed in Moscow by the most energetic share-holders. Viktor Balashov, a retired television host, was elected chairman. Company representatives are not involved.

Rayevskaya also said the old price for the shares will be paid to the handicapped, Chernobyl victims and Afghan war veterans.

A standing commission of MMM share-holders will start functioning at the Moscow Road College on Tuesday. It will check applications from all clients in the low-income bracket.

Earlier the MMM management promised the neediest share-holders the possibility to sell their shares at the old price.

According to the police, on Monday evening there were not more than 2000 people outside the central office of the company. During the day 23 persons turned to the first-aid post there with minor complaints.

Regulations Needed in Light of MMM Issue

LD0108164194 Moscow ITAR-TASS in English 1500 GMT 1 Aug 94

[By BUSINESS-TASS]

[Text] Moscow August 1 TASS—A special commission gathered at 14:00 Moscow time in the MMM headquarters on Varshavskoe highway to consider an appeal from a group of shareholders that the company buy up their stock at the old price. First among the applicators are pensioners and handicapped persons.

The continuing scandal around the MMM joint-stock company in Russia acquired a new twist on Monday when it became know that the company was offering investors a new type of shares and "tickets" (one-hundredth the value of a share).

The sale and purchase of the new shares has been opened in all of the MMM exchange offices. Nobody is allowed to buy more than 100 shares at a time. The company has strictly forbidden the sale of shares to MMM employees.

The stock department of the Russian Finances Ministry officially told BUSINESS-TASS that neither the new type of stock nor the MMM issues over the last month have been registered. Therefore, one can draw two conclusions from the company's latest step: Either MMM has decided to violate the existing legislation, or Russian laws do not forbid the printing up of any old pieces of paper, calling them stock, and offering them for sale to naive Russian citizens who are afraid that inflation is eating away at their savings.

Western countries who have a lot of experience in regulating stock markets pay priority attention to the strict observance of legal rules regulating the emission and trading of stocks. All stages, beginning from the preparation of the emission booklet and ending with the shares trading, are subject to strict and detailed regulation in order to prevent criminal activity and panics among shareholders.

In the West, the state has no responsibility for the activity of an emitor, but fully answers for the making the emitor follow the rules for registering and circulating its shares. The sale of a company's stock is considered illegal until the state stock inspection committee is sure that all the emitor's documents are complete, accurate, and understandable.

The very process of issuing stock in the West has been tried out in practice and polished to a shine. An issue is made through an intermediary, which might be an investment bank or broker's house. The emitting company does not trade its own shares, much less does it

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have the power to set the price on them. In contrast, MMM today announced that its new shares would grow at the rate of six per cent daily. What's more, several countries have rules forbidding the emitting company to buy up its own shares for a certain initial period.

It is obvious that Russia's entry into the world market, including the stock market, is so far proceeding along the trial and error method. Maybe it would not be worth paying so much attention to the MMM scandal if Russians had some experience playing the market. But Russia has no such experience, which is why the government must immediately enact detailed rules for the game, so that companies are not able to spin investors' heads with get-rich- quick promises.

MMM Shareholders To Set Up Political Organization

LD0108155194 Moscow INTERFAX in English 1414 GMT 1 Aug 94

[Text] The Union of MMM Shareholders, which its leaders say numbers about 30,000 people in Moscow alone, is planning to reorganize itself into a political structure, its chairman Valentin Poluektov said. In an interview with INTERFAX, he said the aim of the new group is to support MMM nationwide.

Poluektov maintains that union cells are being established at lightning speed throughout Russia.

In the meantime, MMM shareholders' union representatives and officials of the MMM Special Commission met for the first time at MMM's head office on Monday to consider applications from shareholders who are desperate to redeem their shares.

As many as 11 such applications were received by 13:00 on Monday, one of them asking to help bury a deceased man whose relatives invested all their savings in MMM shares, Poluektov said.

Poluektov said the MMM union demands dividends to be paid to holders of unmarked shares who suffered from MMM's crash first, and only then to those who purchased newly-issued shares on July 31.

The MMM union also urged for applying pressure on the government to compensate losses by MMM shareholders.

New Import Duties on Tobacco, Alcohol Reviewed

MM0208090594 Moscow IZVESTIYA in Russian 30 Jul 94 p 2

[Report by Rustam Arifdzhanov: "The Motherland Will Earn Almost 9,000 Rubles From Every Liter of Imported Vodka"]

[Text] An unpleasant surprise is in store for lovers of foreign beverages and imported cigarettes on Monday, 1 August. The excise rates on imported tobacco and alcoholic products are again being changed. Instead of the usual percentage a new "customs unit" is being introduced—the ecu.

This system of taxation is already well known to car importers. They pay the Motherland five ecus for every cubic centimeter of engine capacity. In this the make and condition of the motor car has no significance. Now for every liter of alcohol and every thousand cigarettes, cigars, and cigarillos (thin cigarettes) deliverers of these goods will also pay their ecus.

True, in this case some sort of gradation has been introduced. It was decided not to look into tobacco products too closely. It makes no difference whether you import fat cigars or slender women's "nicotine sticks"—six ecus per thousand. But customs officers are simply obliged to be keen appreciators of spirits. Because for plum, pear, and cherry liqueurs you must pay three ecus, whereas for juniper liqueur or gin, you must pay as much as five ecus!

Cheapest of all, naturally, is to import beer. But before announcing the rates, let us explain what an ecu is. It is a hypothetical monetary unit used in Europe which does not exist in reality, but deals are calculated between different states and firms by comparing the exchange rate of national currences against it. The exchange rate, naturally, constantly changes. One ecu today attracts slightly more than $1.20, or almost 2,500 rubles. So calculate it for yourself.

The tax on a liter of beer is 0.3 ecus. Half an ecu on wine made from grapes and on cider. An ecu on sparkling wine and vermouth. Three ecus on liqueurs and half an ecu more on vodka. And as much as five ecus on whisky, rum, arrack, cognac, brandy, and even something called tafia, unknown to this writer. Evidently it is worth it.

Consumers of nondenatured ethanol [as published] are in a class of their own in the government decree. A percentage will as before be levied from deliverers of this real man's drink—400 percent of the cost. But not less than four ecus per liter.

The Motherland will undoubtedly gain from these new excises. First, because the retail prices on imports will undoubtedly increase, and the drinker will turn his attention to the diversity of native strong drinks. The Russian producer will rejoice. Second, importers will no longer be able to knock down prices on their products; there is no sense in doing so—the ecu is not a percentage, and you can't get around it. Perhaps we too will gain: Imported products become dearer, so we will begin to drink and smoke less. We will undoubtedly become more healthy. We will love our Motherland the more.

Soskovets Upbeat on Industrial Potential

MM0108161194 Moscow RABOCHAYA TRIBUNA in Russian 29 Jul 94 p 4

[Article by Oleg Soskovets, first deputy chairman of the Russian Federation Government, under general heading

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"Six Months On. What Has Been Achieved?" and headline: "Oleg Soskovets, First Deputy Chairman of Russian Federation Government, Believes That Decline in Russia's Industrial Potential Should Not Be Dramatized"]

[Text] The first half of 1994 will go down in the history of economic reform in Russia as a very complex and contradictory time. Following a very tangible decline in production in the first quarter of this year, the Russian economy has entered a somewhat unusual, irregular [neshtatnyy] situation. Even the theoreticians have found no definition for it. They are calling it the depression phase, the depressed stabilization phase, and so forth.

What Typifies This Irregular Situation

It is typified by a number of points:

a slowdown in the pace of the production slump. The decline in output volume in industry in the second quarter of 1994 was 9 percent (on the previous quarter) as opposed to a fall of 23 percent in the first quarter;

the steady decline in the inflation rate—from 18 percent in January to 5 percent in June;

the rise in the population's real income (second-quarter income up 3 percent on the first quarter) and the maintenance of stable consumption, despite the production slump;

with the maintenance of real interest rates at a positive level there has been a move toward bringing them closer into line with commodity producers' profitability. In the long term this could promote the normalization of relations between the banking and entrepreneurial systems in the economy.

While noting that the observed stabilization is not yet healthy, at the same time I cannot agree with the claims that production has stabilized on the other side of the "red line." Usually cited in confirmation of this is the premise that "GDP in the first half of the year was 53 percent of the level of the first half of 1990, and industrial output was less than half."

But, without dramatizing the situation, let us nonetheless take the existing realities on board without emotion—calmly and objectively.

In terms of the big picture Russia has solved many of the painful problems of economic liberalization, it has built up its foreign currency reserves, exports are steadily in excess of imports, and shortages and waiting lines have been eliminated.

We have looked into macroeconomic problems and are convinced that "easy" money can only stimulate inflation but, without halting the production slump, it will merely perpetuate the crisis. This explains the moderately tight credit and financial policy we have been pursuing. At the same time, there are many unsolved problems at enterprise level. A great deal in this area depends on the personal qualities of the leaders, which has already been mentioned above, and on the place and role of the enterprise in a region's infrastructure.

Nor would I overdramatize the question of the reduction in Russia's industrial potential, the low level of investment, and our technological backwardness.

The main factor in the production slump is the moderately tight monetary and credit policy that has been pursued since mid-1993. This has made production dependent on real demand constraints—and not only for end products, but for intermediate products as well. At the same time, this policy has also been the main factor behind the slowdown in inflation, which has been in evidence for five months this year.

This has already been mentioned, but just what are the main causes of the production slump?

One. Over the past two-and-a-half years the state's defense spending has been reduced by more than 70 percent. Under the conditions of the limited potential of conversion this has led to a decline of more than 60 percent in defense complex output volumes. If we take 100 percent to indicate the entire slump, then this factor accounts for 35 percent of the slump.

Two. The reduction in the state investment program and the ending of the inflationary financing of capital investment has led to an overall reduction of 65 percent in capital investment in the economy over the past two-and-a-half years. This has correspondingly reduced the demand for investment resources. According to our calculations, this accounts for approximately 15 percent of the overall industrial production slump.

Three—the reduction in supplies of energy and other resources to the CIS countries at artificially low and sometimes even symbolic prices. What is, in my view, a very vivid example can be cited here. In 1989-1990 we supplied 125-135 million tonnes of oil to the former USSR republics. This year these supplies will not exceed 25-30 million tonnes. The sharp reduction in these kinds of shipments has led to a fall of 10 percent in industrial production throughout the chain.

The fourth reason relates to the fall in the population's effective demand. This factor accounts for around 20 percent of the decline in industrial production.

The remaining 20 percent relates to the introduction of market mechanisms and their consequences. In particular, to the slow adaptation of enterprises to the new conditions, the breakdown in economic ties, the defects in state regulation of the economy in abandoning the planning of material and technical supply, and so forth.

In assessing the slump in the economy it is necessary to bear in mind the important point relating to the problem of the accuracy and adequacy of statistical reporting to cope with the processes that are taking place. Reporting

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on industrial production volumes, and particularly on GDP, is on the decline—as a way for economic components to avoid taxation. Moreover, the proportion of sectors that are not reflected in statistical reporting is increasing—which is confirmed by the growth in the population's real income during a decline in GDP and a positive import-export balance. In this context the real pace of the economic slump is less significant.

At the same time, we should not underestimate the importance of this problem for the state and the need for the state to get actively involved in the process of economic transformations, particularly as regards the neutralization of their more painful consequences.

First, systematic support is needed for economic sectors that are critically important for the country's economy and are suffering unjustifiable and near-irreparable losses of their production potential.

Second, state support is needed to adapt the scientific and industrial potential accumulated in the country to the market environment and to stimulate the development of competitive modern technological production facilities—in aircraft manufacture, the aerospace complex, the electronics industry, the communications equipment industry, the laser industry, instrument making, shipbuilding, nuclear power generation, and other sectors where Russian enterprises are competitive.

Third, we need to bring into play market mechanisms that have not yet been used—above all, the mechanism of bankruptcy for enterprises that have no growth prospects in the domestic and world markets and are centers of economic depression, while minimizing the negative social consequences of their liquidation.

These problems are receiving constant attention from the government. And in the policy we pursue we are forced to strike a balance between eradicating and slowing the negative results of crisis development.

Of course, we feel that, alongside certain positive trends, there has been a spontaneous buildup in explosive potential that could destroy the fragile signs of stabilization. Macroeconomic imbalances between production, consumption, and accumulation are continuing to be exacerbated. There has been no slowdown in industry in the trend toward deindustrialization and the domination of the fuel and energy complex and the food industry. Capacity utilization has fallen sharply, with more than half of all capacity becoming "surplus to requirements." The chronic enterprise insolvency crisis has gone beyond the production sphere and is undermining the stability of the country's banking and budgetary systems.

But the government has effective levers and real means at its disposal to control the situation and overcome the deficiencies that have emerged. Producers have reserves too, we are confident of that.

Necessary To Implement Following Measures

The situation in the Russian economy not only makes possible but **urgently requires a new emphasis in the government's activity**. The main emphases have already been stated. The transition to a direct resolution of these tasks to all intents and purposes signifies a new stage in reform. And it has already essentially begun with the adoption of the first "packages" of presidential economic edicts.

Naturally, under these conditions the state's economic policy and its mechanisms will undergo certain changes.

In order to implement the goals formulated above in the prevailing economic situation it is necessary to carry out the following measures to improve the effectiveness of state regulation of the economy.

In the sphere of state finance:

streamlining state finances, moving to drawing up and executing the budget on a quarterly basis, periodically indexing expenditure and establishing tough controls over the timely execution of the budget;

reforming the tax system with a view to simplifying it, cutting the tax on income derived from new capital investment, innovation, or labor activity, eradicating the taxation of expenditure on developing and supporting production, and increasing budget revenue through the utilization and sale of state property (primarily natural resources and state enterprises) and through taxes on property, environmental pollution, and the export of capital;

cutting subsidies targeted at supporting loss-making production facilities in depressed sectors (as a means of lending at negative real rates and of providing nonrepayable funding from the budget) and redistributing the funds thereby released as direct state subsidies to needy citizens with a view to subsidizing their consumption of Russian-made goods and to recapitalizing and modernizing depressed production facilities;

streamlining the work of the banking system, indexing funds in accounts, and establishing strict payment discipline and the liability of corporate bodies and individuals for timely transactions with suppliers and the budget.

In administering state property and in institutional policy:

restoring state control over the use of state property, including the effectiveness of the work of state enterprises, depoliticizing and rationalizing the procedures for privatizing state property, subordinating them to the criteria of economic effectiveness, and reorganizing the system of administering state property to envisage administrative control of noncommercial state enterprises and their commercial utilization in the interests of maximizing budgetary income and augmenting the ownership of other state property controlled through state property funds;

boosting integration processes in industry—not least by removing artificial constraints on mergers and the

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absorption of enterprises, promoting the formation of financial-industrial groups with a view to preventing the destruction of technological production chains for end products, supporting scientific production sharing, improving the competitiveness of end products, and stabilizing prices.

In the sphere of the functioning of the state apparatus:

sharply increasing the liability of officials for lawbreaking, moving away from the "residual" principle of funding the state apparatus to priority funding, while simultaneously reorganizing cadre policy in the state service system, increasing the demands made on the quality of work and responsibility of state servants, launching the fight against the growth in organized crime, corruption, and the black economy, and overcoming disorganization in the structures of state power.

In the sphere of structural policy:

moving to priority support for high-tech sectors and science and education determining the possibilities of future economic development, and forming the system of forecasting and choice of priority avenues for the country's scientific, technical, and socioeconomic development;

an active policy for the technical modernization of the economy, envisaging the gradual winding up of unviable production facilities on the basis of resource-saving, environmentally friendly, and socially acceptable technologies, and boosting the preferential development of promising sectors in the high-tech and processing industries and services sphere that are capable of becoming engines of economic growth;

setting up special institutes to support investment activity, creating favorable conditions for restoring the normal level of capital investment, streamlining the activity of lending institutions and adapting them to the conditions of high inflation, and monitoring the targeted utilization of depreciation deductions.

In the sphere of social provision:

ensuring the socially necessary minimum consumption of prime necessities by children, students, pensioners, the unemployed, and the disabled, guaranteeing the physiologically necessary minimum of foodstuffs, clothing, footwear, and medicine, and the realization of the right to universal secondary education and the requisite minimum provision of medical services;

pursuing an active policy of boosting consumer and state demand, increasing expenditure on direct subsidies to the population and state purchases of goods for use by the public, introducing special programs for targeted support of needy sectors of the population, and boosting public education as a priority goal of the state's social policy;

reforming the social insurance system to transfer the center of gravity to private systems of social insurance ensuring the accumulation and productive utilization of individual contributions backed by a reliable system of state guarantees.

Surviving the Second Shock Connected With Bankruptcies and Unemployment

We are now experiencing a situation very reminiscent of December 1991-January 1992. Not in terms of poverty—everything is available in the stores—but in terms of the domestic drama of the decisions. We are facing a threshold which we have to cross. If not now, then later. But we will have to cross it eventually.

I am thinking of the realization that it will not be possible to save all enterprises. But this is by no means obvious to a huge number of people, including decisionmakers.

In January 1992 we all experienced the shock connected with price liberalization. Now we have to live through another shock connected with bankruptcies and unemployment. This may sound abrupt and tough, but this threshold will have to be crossed. We are close to it. Only in this event will we be able to bring inflation down to sensible levels by the year's end. **But everyone knows the price of that decision—unemployment. It will become a reality for Russia.**

There are two types of unemployment that are the most dangerous. The first is deep-seated regional and structural unemployment, whereby textile enterprises in Ivanovo or defense enterprises in, say, Nizhniy Novgorod or Saratov could grind to a halt. But the greatest danger of unemployment is in company towns. They will be the biggest headache for the authorities. For instance, were the engine plant in the city of Zavolzhye in Nizhniy Novgorod Oblast to grind to a halt—that would be it. Life in the city would cease. And, sadly, there are lots of examples like this. But these processes can be regulated and the problems solved.

One Other Problem—Integration

One other problem is the **economic integration of the former union republics**. This will be a difficult process.

In the short term (until the end of this year) it will be necessary in the sphere of economic cooperation with the countries of the near abroad to focus on resolving the following priority tasks:

guided by the agreement conducted on setting up an Economic Union, to consistently eradicate the obstacles hampering the development of reciprocal trade and economic ties. In particular, measures aimed at implementing the provisions envisaged by Russian Federation presidential edicts on abolishing quota-setting and licensing, on changing fiscal policy, and on the conditions for boosting investment activity should be implemented on a reciprocal basis;

to strive for an improvement in the balance of trade with each Commonwealth country, to ensure the repayment of state loans previously granted to these countries, and

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to divert as little credit as possible from the Russian economy to balance current trading operations with these countries;

to steadily galvanize integration processes within the framework of the CIS countries' Economic Union, to promote the development of production sharing, to strengthen direct ties with Russian enterprises' partners in the near abroad and the activities of multinational production and commercial structures;

to elaborate and coordinate mutually acceptable options for settling the reciprocal payments problem.

In conclusion I would like to say that there are no simple solutions to the aforesaid problems. In its activity the government is counting on the closest cooperation with all constructive forces in the country.

Military Issues

Former ICBM Base To Launch Satellites

OW0108120094 Moscow Russian Television and Dubl Networks in Russian 0705 GMT 27 Jul 94

[V. Morozov Amur Television video report; from the "Dalniy Vostok" program]

[Text] After visiting Svobodnyy-18 today we received visual proof that the infrastructure of the facility and the buildings left behind by the strategic rocket division already form a solid base for the Main Center for Testing and Utilizing Space Hardware. Just take a look for yourselves.

We flew over the combat launching sites in a helicopter to see where the missiles had been deployed. There were a total of 60 such sites. In accordance with the Strategic Arms Reduction Treaty with the United States, 55 silos were blown up. Recultivation of the land is just beginning. The five remaining silos will be used by the Main Center for Testing and Utilizing Space Hardware. We visited one of them. The 40-tonne cover plate moved aside on rails and a silo more than 20 meters deep opened up before us.

[Begin Vinidiktov recording] This is the combat launch position for an intercontinental ballistic missile. Disassembly has already been completed and the launch site has been prepared for demolition. However, because there are plans to use it in again it has been preserved in the condition it was in during the final stage of disassembly work. [end recording]

It is quite possible that in 1996 this is precisely the place from which a satellite will be launched. And now imagine how much money would be needed, how much would be literally buried in the ground, if the test center had to be developed elsewhere? The military units are already being gradually supplemented with new people today and new recruits arrived recently. Officers, academy graduates, and young lieutenants are expected. There are 33 communal buildings in the residential town today and very soon this will not be enough and new construction will begin.

In conclusion I would like to draw your attention once again to the fact that the Main Center for Testing and Utilizing Space Hardware is located in Svobodnyy-18 today, not a cosmodrome for manned space flights. Yes, space satellites will be launched from here, but the launches will be carried out on an already available basis. As far as a cosmodrome for manned space flight is concerned, it still remains to be built, and the decision on this will be worked out by the Russian President's staff [u prezidenta] and all sides concerned will be involved.

Report on Unique Train-Based Nuclear Missile Complexes

LD0108203894 Moscow NTV in Russian 1800 GMT 1 Aug 94

[Video report by correspondent Viktor Kochen]

[Excerpts] [Kochen] Among the numerous sets of rolling stock on our country's railways you can see trains like these. On the outside they look very like passenger carriages. But that is only the outside.

For the first time Russian Television audiences can familiarize themselves with a unique military missile railway complex that is part of the armaments of the Strategic Missile Forces.

[Begin recording, Vladimir Nikitin, deputy commander in chief of missile forces] This complex is unique. No country in the world has a complex like this. This complex has a number of amazing characteristics. [end recording]

[Kochen] In power the missile complex is comparable to a nuclear submarine. Each of the missile launchers hidden in these carriages has an individually directed nuclear warhead. The crew of the missile train is made up of just 100 men. The time taken to prepare for launch is tens of seconds. [passage omitted]

[Kochen] The Finance Ministry has allocated only 60 percent of the money required for the needs of Strategic Missile Forces. This is one such complex, situated in the Krasnoyarsk Taiga. Russian Finance Minister Sergey Dubinin fills the role of being responsible for the military costs of launches. The missile forces have invited him so as to be able to talk directly to him about their problems. They have a lot of problems. The main one is the impossibility of fully utilizing the main value of the train—its mobility. The missile trains stand idle—there is not enough fuel. In addition to this, the missiles for them are made in Dnepropetrovsk, at Yuzhmash, which is now in Ukraine. Nevertheless, the railway missile forces are ready, even under these conditions, to carry out their military tasks. [passage omitted]

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[Kochen] Unfortunately, there are ever fewer launch exercises than are necessary for the missile forces to remain in good condition. The authorities promise money, but as yet there is none.

Viktor Kochen, Oleg Nikiforov, the Defense Ministry TV studios, specially for NTV.

Far Eastern Pacific Fleet Officers Strike Over Pay

LD0208062994 Moscow ITAR-TASS in English 0620 GMT 2 Aug 94

[By ITAR-TASS correspondent Yuriy Grachev]

[Text] Vladivostok August 2—Yet another unprecedented event has shaken Russia's Far Eastern Pacific Fleet—sixteen officers of its Dalvoenmorstroi (construction) department have staged a strike demanding their paypackets delayed for months, as well as their regular rations or at least refunding.

Driven to despair, the officers appealed to the Vladivostok prosecutor's office. Their salaries were partly paid to them after prolonged negotiations; however, the blue- and white-collar workers were forgotten, although most of them had seen no paypackets since April.

Worse, the military constructors were denied access to their trade union's "reserved fund," which is meant for welfare only.

Pacific Fleet trade unions committee chairman, Vladimir Borisenko, told ITAR-TASS that the fleet's finance department had used various pretexts to bar servicemen from getting allowances from this fund, which is a hefty 370 million roubles.

Border Guard Chiefs Critical of Grachev Remarks

LD0108162894 Moscow INTERFAX in English 1309 GMT 1 Aug 94

[Text] High-ranking Russian Border Guard officials are critical of remarks made by Russian Defense Minister Pavel Grachev to the effect that border guards are not capable at present of defending the Tajik-Afghan border.

The officials are of the opinion that the border guards need reinforcements and a larger unit has to be on hand in case of large-scale hostilities.

The border guard commanders accuse the Russian Defense Ministry of failing to honor its commitments to form a peacekeeping unit for Tajikistan and reinforce the Russian 201st Motorized Division.

An official in the press service of the border guards told Interfax that there are 15,000 border guards and less than 300 servicemen of the Russian 201st Motorized Division on the Tajik- Afghan border. In addition, Kazakhstan and Kyrgyzstan have sent 343 and 397 servicemen to Tajikistan, respectively.

Border guard commanders were also surprised by Grachev's proposal that the border guards be incorporated into the Russian armed forces. They believe Defense Ministry officials to be unaware of the specifics of what the border guards are actually engaged in. The border guard commanders also accuse Grachev of trying to plunge the border guards into a myriad of reforms before he has completed reform of his own agency. The president and government has made a decision to make the border guards a separate service, the border guard officials pointed out.

Air Defense Central Command Post Profiled

MM0108122194 Moscow KRASNAYA ZVEZDA in Russian 29 Jul 94 p 2

[Report by Lieutenant Colonel Aleksandr Ivanov: "Air Defense Forces Central Command Post on Red Alert for 40 Years"]

[Text] It is pretty hard to get into this installation, notionally known as 90-B. It took a fair amount of time, the appropriate documents, agreements, and the special permission of the chief of the Main Staff of the Air Defense Forces for KRASNAYA ZVEZDA journalists to gain access.

The Central Command Post [CCP] is the Air Defense Forces' holy of holies. This complex, specially fortified structure, driven tens of meters into the ground and crammed full of state-of-the-art apparatus, does more than just monitor the skies and space over Russian territory. Orbiting satellites are capable of pinpointing a ballistic missile launch or the take-off of a missile carrier anywhere in the world and instantly conveying the information here. Hundreds of targets are recorded and tracked simultaneously here on a vast board the height of the combat control room with a network of grid lines. It is from here that Air Defense alert forces and systems are placed in the appropriate state of readiness—forces and systems not only from this particular branch of the Armed Forces but also from the Air Force and all military districts and fleets. Last, it is here that the leadership's decision regarding action to be taken against a target invading the country's air space is implemented.

Our Information

The CCP of the country's Air Defense High Command was formed in 1954. Organizationally it comprised six combat control sectors and a meteorological office. Until 1963 the CCP was located in Moscow on Frunzenskaya Embankment; then it moved out of the capital. It then had 104 men on the strength. In 1963 an air traffic control service was introduced into the CCP. Nine years later the automated command and control system center was developed and introduced. Centers are now the main subunits. A single alert duty shift involves a large number of specialists with unique training, education, and work experience. Around 1,000 aircraft on domestic state airways alone are tracked in a single day here.

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The duty general's work place is in the combat control room; he has special powers and rights. All the duty forces come under his jurisdiction and he is the first of the troops to receive and analyze synthesized information, report back to the leadership, and then implement the decision. But it can be different. Should there be an acute lack of time, he adopts decisions autonomously, puts forces and facilities on combat readiness, and uses them in line with the situation, even to stop a target in flight. Such a fine-sounding job is considered in the Air Defense Forces to be incredibly complex and risky. It is like the job of a demolition expert—no mistakes can be made. And, if even a minor blunder is allowed, it may be the last of his army career. That is why people are picked most carefully for this post.

Every shift of every day of every year has its duty general. We were introduced to one. He was 44-year old Colonel Elmir Oleynik. He has worked at the CCP for six years. He has been duty deputy sector chief, sector chief, and prior to that served in all posts in fighter aviation right up to regiment commander.

People say that in connection with the coming cuts and reorganization this post of "duty general" will no longer exist; it will be given a less expressive name and the category will be cut. But in my view that will be a mistake. The responsibility of those who hold this post is very great, so they should be dignified with the name of "duty general."

I sat in the chair next to Oleynik. I noticed from the reaction of those around that I had done something wrong. It turns out that the CCP has its own unwritten rules. One of them being that you do not sit in the seat of the commander in chief and chief of the Main Staff. Colonel Generals Viktor Prudnikov and Viktor Sinitsin come here regularly. They direct exercises and drills. More often then not when a complex aerial situation arises near our borders or when they are violated. Although each man's office contains state-of-the-art command and control apparatus, nonetheless, if the situation permits, they come down here. Here you get a special perception of the reality of what is happening, you can keep a closer eye on the actions of your subordinates in critical conditions, and the work is more familiar. After all, the commander in chief above all has a difficult burden—he is accountable for making the right decision and for directing the actions of all the troops under his jurisdiction.

During our brief visit to the combat control room there were two reports of low-flying targets being detected near and approaching our border. The first was a helicopter in the North, and the second was in the Far East. It transpires that, despite the thaw in the international situation, the intensity of reconnaissance aircraft flights is still at the same level. Depending on the day of the week it is between two and 10 a day. Last year 1,231 reconnaissance aircraft flew along our borders probing Russian territory with powerful radars. In just under seven months this year 720 have already been recorded. Since 1 January 1994 the radiotechnical troops have recorded and tracked 49,663 foreign aircraft and detected 135 violations of the procedure for the use of airspace. And this means that additional facilities have been engaged, 1,854 radiotechnical subunits, 250 anti-aircraft divisions, and 1,539 fighter intercepts were put on alert condition one, and 63 of them took to the skies. Add to that the psychological strain that specialists are under and you will realize that you cannot call alert duty at the CCP quiet.

The work of dealing with these intruders costs the Air Defense Forces a pretty penny. After all, as of 1 January putting a single antiaircraft division on alert condition one cost 550,000 rubles [R], while the figure was R205,000 for a radiotechnical battalion. One hour's flying time for a MiG-312 costs R4.2 million. Multiply these figures by those cited above and you will see that the Air Defense Forces are faced with sizeable spending. And there is no well-oiled mechanism for an intruder to compensate them.

Colonel Sergey Ostapenko, head of the reconnaissance-information center, singled out another problem that has also been a grave burden for the Air Defense Forces. It is a question of monitoring the procedure for the use of airspace. In June alone there were 37 violations of this kind.

The Air Defense Forces, like the CCP, have plenty of problems. But the high-class specialists are working enthusiastically and intensively, putting their faith in the future and in preserving their branch of the Armed Forces.

Vice Admiral on Navy Problems, Achievements

MM0208095594 Moscow PRAVDA in Russian 30 Jul 94 pp 1,4

[Interview with Vice Admiral Yuriy Kaysin, first deputy chief of the Russian Navy Main Staff, by Aleksandr Chernyak; date, place not given: "Yuriy Kaysin: 'Seamen Buoyed Up by Enthusiasm.' Not Entirely Festive Conversation on Eve of Navy Day"]

[Text] Let us introduce our interlocutor. Vice Admiral Yuriy Kaysin has virtually not missed a single rung on the career ladder. In 1957 after Nakhimov School he decided to become a submariner. He spent 25 years in the Far East in posts ranging from group commander to deputy commander of a nuclear submarine division. He graduated from the General Staff Academy and in 1983 joined the Black Sea Fleet, where he commanded a base staff, the Black Sea Fleet operations directorate, and then the Navy operations directorate. He recently became first deputy chief of the Russian Navy Main Staff.

[Chernyak] Yuriy Anatolyevich, what does the Russian Navy constitute today?

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[Kaysin] It is a branch of the Armed Forces as it was before.

[Chernyak] Well, it probably is not quite the same today as it was about 10 years ago, say....

[Kaysin] That is right. It was bigger. It had nuclear submarines, multirole, missile-armed.... There were around 60 missile-armed submarines, hundreds of nuclear, diesel submarines. There were large Class I and Class II surface ships. Missile-armed ships, naval aviation, and coastal troops. In principle this fleet survives today, but its numbers have been reduced. The events of the last few years and the new military doctrine have played a role in this. Previously things were clear in our country: There was a specific enemy. And the enemy's combat strength was known. So we organized our naval forces to combat that enemy.

[Chernyak] Do we have no enemies today?

[Kaysin] According to the military doctrine and our state's foreign policy we have no specific enemy today, but Russia's interests remain. We are an expression of state policy and elements of Russia's military doctrine. Combat patrols by sea-based strategic nuclear forces, general-purpose forces, and support forces are one of our main tasks.

It is equally important for the Navy to take part in defending the country's economic interests—defending shipping and fishing. Thus Navy ships joined the border guards in Operation "Putina-94" in the Far East and the Caspian.

The fleet is more capable than any other branch of our Armed Forces of representing the interests of the state in other regions. This year the destroyer Nastoychivyy was invited to France for the celebrations to mark the opening of the second front. Russian Navy ships have visited other countries and taken part in joint exercises without dishonoring the Russian flag.

[Chernyak] Yuriy Anatolyevich, although we have no specific enemies and many friends have appeared, nevertheless we are still spied on....

[Kaysin] Yes, foreign intelligence services are not taking their eyes off us—reconnaissance is carried out by surface ships, aviation, and foreign submarines right by Russia's shores. We have already told them repeatedly: Since we have become allies to some extent in resolving certain problems in hot spots, where we operate together, let us trust one another and stop sailing under one another's noses.

Especially since we do not sail as close to their shores as they do to ours. Certainly, they reply, we are in favor of meetings and friendship, but we do have our own interests.

[Chernyak] And they will observe them....

[Kaysin] They prize the interests of the state above everything. We think that Russia has the same kind of interests anywhere in the world and we therefore now sail where necessary. Thus there are currently around 30 ships of various classes at sea. At the same time there are several ships under the Arctic ice floes. So the fleet now constitutes a combat ready unit of the Armed Forces. We are ready and able to perform and we are performing our assigned tasks. We sail where necessary as we did in the past—in the Indian Ocean, the Persian Gulf, and the Mediterranean. Not constantly as before, but when necessary.

[Chernyak] You said that the fleet has shrunk. Comparing ours with the U.S. Navy, whose is bigger?

[Kaysin] In terms of numbers, theirs is twice as big. But you cannot say that we are doing this to please the United States. No. Incidentally, they are cutting back their fleet too. We have now taken a painstaking look at the fleet forces that we have: Do we need them in this form? It is no secret that whole series of ships were developed that are now outdated and worn out. We are getting rid of them.

[Chernyak] But good ships are also being written off....

[Kaysin] We are decommissioning good ships too. But that is another problem. Let us finish with the first problem. We have taken a look at the quantitative composition of the Navy, compared it with the tasks facing seamen, and reached the conclusion that there are many surplus, worn-out, and outdated ships. That is the first thing. Now for point two. A ship is a unit of arms that does not just take a year to develop and is in service for over a decade. Moreover, a series of ships is developed, which takes seven to 10 years. A series is laid down every year; thus there is a continuous process of launching ships and then servicing, carrying out preventive maintenance on, and repairing them.

Strict repair dates are set: Ships and submarines cannot sail without guarantees. If everything is done properly a ship will survive 25 years or even 30. The Americans have made it to 50 years. But this requires a great deal of money. And we do not have that today. We are not able to repair many ships.

[Chernyak] As far as I know, the government owes you over 1 trillion rubles.

[Kaysin] Yes, owing to the cut in the military budget there is a disastrous shortage of money for paying for fuel, electricity, and water, not to mention the difficulties that arise in maintaining combat readiness, equipment, weapons, and during ship repairs. With the breakup of the Union we lost a large number of ship repair plants, particularly for the repair of large ships. Take the Minsk and Novorossiysk aircraft-carrying cruisers. They can only be repaired at the Nikolayev plant where they were built. Incidentally, the Minsk should already have gone there. But Nikolayev is in another state today.

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[Chernyak] What is the fate of the Minsk today?

[Kaysin] It is laid up at the moment. It is hard to say how it will be used: Whether it will be scrapped or used for other purposes. But restoration is needed in order to use it and other similar ships. We would be pleased to use them but repairs are needed.

[Chernyak] How much longer could they be in service?

[Kaysin] At least 15 years.

[Chernyak] What new ships do we have on the stocks?

[Kaysin] In the past two years no work has been carried out apart from a single submarine. Everything that we accepted in 1993-1994 was laid down previously. Last year we received 10 out of 26 ships, and 16 have been carried over to this year. By all accounts, they will be partially carried over to 1995 owing to lack of funding.

[Chernyak] And how long will this take to affect us?

[Kaysin] It will happen soon. A fleet cannot be built in fits and starts, it is under constant construction. That is, there should be no break in construction, otherwise technology is lost, and qualified cadres are lost. A plant should not be shut down.,

[Chernyak] A great deal has been said in the press about the Varyag, what fate lies in store for it?

[Kaysin] A difficult one. Whereas six months ago construction could have been completed—it was 60-percent ready—today, in my view, it is impossible because all cooperation has broken down. Around 2,000 enterprises in the former USSR were involved in its construction: Everyone was involved—Russia, Ukraine, Armenia, Georgia, Azerbaijan, Belorussia [Belarus], Lithuania, and Latvia. Many enterprises no longer exist and others have been reconfigured.

[Chernyak] But to whom does it belong, Ukraine or Russia?

[Kaysin] This question is unclear, like that of the Black Sea Fleet. As regards the Black Sea Fleet, I think like many seamen that the fleet should not be divided up. And everyone is perfectly well aware of that, including the Ukrainian admirals, who were recently our admirals. If we divide it up, then neither Russia nor Ukraine will have a fleet since what will be left will not be capable of performing any tasks. The fleet should be united and should perform tasks in what is by and large a strategic area and defend the interests of the CIS countries. That was its raison d'etre.

[Chernyak] Yuriy Anatolyevich, you say that the fleet is maintaining high combat readiness. I am ready to believe that. But there have been a lot of reports in the press about various emergencies on ships and at bases. For the sake of example let us take the events in the Pacific Fleet—whole arsenals exploding.

[Kaysin] These facts are not characteristic of the fleet's combat readiness. There have indeed been emergencies. You have to examine specific cases, you have to assess them based on the conditions that gave rise to them. Take the munitions explosion in Vladivostok. That could indeed have happened anywhere. Just like the ground forces' dumps blew up. But is the situation better in civvy street? Then why do gas pipelines explode, why are trains derailed? There is one reason—the general state. These shells were brought to Vladivostok from the west. Even now we are engaged in transportation. Latvia, Estonia, and Lithuania are demanding that combat supplies be removed. But do we have new or surplus dumps, are they standing empty and waiting? No, we take the munitions to old dumps that were designed for a definite quantity of munitions. They have long since been overfilled but we keep on pushing.

Combat supplies must be salvaged [utilizirovat]. Submarines are also a problem that needs to be rapidly resolved. We have around 100 nuclear submarines standing idle today. They have been written off and decommissioned, but they are standing there with their reactors and need servicing. They also pose potential sources of danger. We do not have the money. Our debts here run into tens of billions of rubles.

[Chernyak] As far as I know, in order to plug the gap in your budget, you are trying to earn money yourselves, becoming businessmen.

[Kaysin] I do not think that the fleet should get involved in this. All our heads are splitting over those two tugs somewhere in Greece.

We do indeed have the government's permission for the fleet to lease out spare moorings for a time as well as auxiliary fleet ships. And that is all happening. But we are talking about a miserly sum. And it is mainly used for housing. We are trying to plug the gap somehow at least. We do after all have thousands of seamen without apartments.

[Chernyak] What about food.

[Kaysin] At the moment we are managing. We are trying to make good the deficiencies on our own. We have around 24 sovkhozes.

[Chernyak] To wind up our conversation I would like to congratulate you and all seamen on your holiday.

[Kaysin] Thank you for your congratulations. Despite all the complexities and difficulties the officer corps, the backbone of the Navy, still remains, seamen are at work, sailing, and serving. The Fleet is buoyed up by enthusiasm. But, I repeat, at the moment its backbone still exists; it is working and performing its tasks. We have just held exercises in the North. They showed seamen's tremendous proficiency and skill.

We have also taken part in joint exercises with the Americans, the British, and other countries. That is something new for us.

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[Chernyak] And what is the Americans' opinion of our fleet?

[Kaysin] I must say that they have a high opinion of it.

[Chernyak] And what do you think of them?

[Kaysin] The same. You must do them justice. Admittedly, they have their own specific conditions both when it comes to training personnel and rehearsing tasks. But our seamen are head and shoulders above them in terms of combat training, and the Americans are obliged to acknowledge that. Although everyone curses our equipment for being imperfect, nevertheless it is more reliable than theirs. Here is a concrete example: The Admiral Vinogradov large ASW ship took part in joint exercises in the Persian Gulf. Everything did not go smoothly for them. But our men completed the exercise and destroyed everything that they were supposed to. This caused the seamen particular pride. So our fleet cannot be said to be old and good for nothing. We are certainly behind in some respects, in some we lag considerably behind, but by and large we put up a worthy show.

Federal Assembly

Abdulatipov Says Contacts With Dudayev May End

LD0108131094 Moscow ITAR-TASS in English 1222 GMT 1 Aug 94

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[Text] Moscow August 1 TASS—"The Chechen leadership itself is facilitating destabilization of the situation in Chechnya," deputy chairman of the upper house of the Russian parliament Ramazan Abdulatipov told a press conference in the Federation Council today.

According to Abdulatipov, Chechen leader Dzhokhar Dudayev has let the moment slip when relations with Russia could be built on a civilized basis. "If the president of Chechnya does not want negotiations, the centre must work with the opposition," he said.

Abdulatipov told journalists that he had no extensive information about the situation in Chechnya but judging by the available data, if violence continues, "Dudayev might exhaust himself". This would also effectively exhaust the possibility of contacts with him, Abdulatipov said.

As it is, "Russia has not yet defined a number of parameters in its attitude to Chechnya and Dudayev," he said. In his view, many politicians and officials are still playing up to the leadership of that republic.

Responding to a question about (Russian parliament ex-chairman, ethnic Chechen) Ruslan Khasbulatov's role in this situation, Abdulatipov said the former Supreme Soviet speaker is "directly involved in this conflict, and he cannot act as a mediator between Chechnya and the centre".

Defense Sector Braced for Further Cut in State Order

MM0108142994 Moscow KRASNAYA ZVEZDA in Russian 30 Jul 94 p 3

[Report by Aleksandr Yegorov under "Fax-News" rubric: "Defense Enterprise Leaders Await Surprise on Lines of 1992-1993"]

[Text] Moscow—The recently adopted 1994 budget effectively repeats the "plot" of the wholesale conversion of 1992-1993, whereby the defense order was virtually wound up, Vladimir Salo, chief of the Russian Federation Ministry of the Economy's Department of Defense Complex Economics, has stated in parliament.

Moreover, whereas the budget of those years, despite the sharp cuts, nevertheless earmarked definite funds for the adaptation of production facilities and employees to the new conditions, the current budget does not allocate a single kopek either for preferential credits, the retraining of released workers, or the creation of new jobs. The money with which the budget is concerned, Salo said, is intended to cover the consequences of past years' cuts. As for the scale of the impending reduction in the order, it will be just as wholesale—over 60 percent of the 1993 level. The exact figures are not known, since the modification of the order to make it conform to the ratified budget has not yet been completed.

Duma Decree on Agricultural Product Purchases

MM0208101994 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jul 94 First Edition p 4

[Decree No. 220-1 GD of the Russian Federation Federal Assembly State Duma "On the Terms and Procedure for Organizing and Financing Purchases of Agricultural Produce from the 1994 Harvest", dated Moscow, 21 July 1994 and signed by I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma]

[Text] By Decree No. 126 of the Russian Federation Government of 23 February 1994 "On the Economic Terms for the Functioning of the Russian Federation's Agro-industrial Complex in 1994" (Paragraph 21), the Russian Federation Ministry of Economics and the Russian Federation Ministry of Agriculture and Foodstuffs together with republic governments and the administrations of krays, oblasts, the autonomous oblast, and autonomous okrugs, were instructed to submit proposals in May of this year to the Russian Federation Government on purchases of agricultural produce against a background of developing market relations.

The above Russian Federation Government decision was not carried out.

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At present, despite a dearth of financial and material resources and two to three months' unpaid wages—whose level of only 89,000 rubles in June was 2.3 times lower for peasants than the average figures for the national economy's sectors—rural commodity producers are gathering in the harvest in all the Russian Federation's southern regions. In the coming days, the Volga and Central Chernozem Regions' farms will begin work on the harvest.

However, no procedure as yet has been drawn up in Russia for the sale of grain and other agricultural produce. For this reason milled grain is not being purchased, millions of tonnes of it are lying on threshing floors, and it is rotting. This is putting the commodity producers in a most difficult economic situation and is as a result leading to their complete ruin, and the state will confront us with the necessity of buying grain abroad.

The Russian Federation Federal Assembly State Duma decrees that:

1. A recommendation be made to the Russian Federation Government to draw up within five days a procedure and terms for selling grain, the seeds of oil-producing crops, sugar beet, and other agricultural produce harvested in 1994, guaranteeing at the same time that parity of prices is observed to the greatest possible degree between agriculture and industry without lowering the agricultural commodity producers' share in the product's final price.

The guaranteed minimum prices should not only cover essential social expenditure but also guarantee an accumulation of funds for the rural producer to develop production.

2. A recommendation be made to the Russian Federation Government to purchase the volume of grain, sugar beet, seeds of oil-producing crops, and other agricultural produce proposed by the commodity producers in the current year and to conclude an agreement with the commodity producers on the level of guaranteed minimum prices for the above products.

3. The Russian Federation Government is to adopt a decision on the possibility of postponing interest payments for short-term credits from the Central Bank of the Russian Federation, which rural commodity producers and enterprises of the food and processing industry have received in 1993-1994, before the draft federal budget for 1995 is examined.

[signed] Chairman of the Russian Federation Federal Assembly State Duma I.P. Rybkin
[dated] Moscow, 21 July 1994
No. 220-1 GD

Regional Affairs

Chechen Interim Council Issues 'Decree on Power'

LD0208101794 Moscow ITAR-TASS World Service in Russian 0935 GMT 2 Aug 94

[By ITAR-TASS correspondent]

[Text] Moscow, 2 Aug—The opposition Interim Council, headed by Umar Avtorkhanov, the head of Chechnya's Nadterechnyy rayon, said today that it has removed Chechen President Dzhokhar Dudayev from office and assumes "full authority in the Chechen republic". This is announced in a "decree on power" which has just been conveyed by the interim council to ITAR-TASS and signed by Avtorkhanov.

The document says that the Interim Council is making speedy preparations for general elections in Chechnya and is forming a government of "national revival."

"In accordance with the decision of the congress of the Chechen people, the Interim Council is assuming full state authority" and "is removing Dzhokhar Dudayev from his post—who usurped power in the republic—and is halting the activities of the power bodies set up by him," the document says.

"All the decrees, resolutions, orders and other documents adopted by Dudayev's regime are now defunct and are not to be carried out," according to the edict, which says that any individuals who support Dudayev "are committing a crime against the Chechen people."

The decree, which comes into force from the moment it is made public, states that the Interim Council will be in power pending the election of the legislative body—the People's Council of the Chechen republic.

Chechnya Interim Council Announces Elections

LD0208101594 Moscow ITAR-TASS World Service in Russian 0944 GMT 2 Aug 94

[Text] Moscow, 2 Aug (ITAR-TASS)—Chechnya's opposition Interim Council, which declared today that it is removing President Dzhokhar Dudayev from office and is assuming full authority in the republic, has announced that elections will be held in May-June next year.

"To restore democracy and revive Chechnya as a democratic republic, the Interim Council has decided that elections to the highest legislature—the People's Council of the Chechen Republic—and to local bodies of people's representatives, will be held in May-June 1995," says a statement of the Interim Council received by ITAR-TASS today.

Chechen Interim Council Seeks To Restore Russian Ties

LD0208103194 Moscow ITAR-TASS World Service in Russian 1000 GMT 2 Aug 94

[By ITAR-TASS correspondent]

[Text] Moscow, 2 Aug (ITAR-TASS)—"The anti-democratic, criminal-militarist dictatorship" of Dzhokhar Dudayev has been deposed, according to the "political declaration" of the opposition Chechen Interim Council led by Umar Avtorkhanov who today announced that he has taken full power in Chechnya.

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"Nearly three years of rule by Dzhokhar Dudayev have brought the Republic of Chechnya to the brink of economic and political disaster," the document received by ITAR-TASS today says.

Through the efforts of Dudayev and his entourage Chechnya has turned "into the mainstay of crime in the North Caucasus, criminals have become Dudayev's only support," the declaration says.

The Interim Council's supreme goal is to "save the nation from the impending catastrophe," says the document, which lists "restoring constitutional order in the territory of Chechnya," "securing people's power" and "immediately normalizing relations with Russian federal authorities" as its priority tasks.

Duma Official Rejects 'Indifference' to Chechnya

LD0208110794 Moscow ITAR-TASS in English 1040 GMT 2 Aug 94

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow August 2 TASS—Russia must not be indifferent to what is happening in Chechnya, State Duma security committee chairman Viktor Ilyukhin told ITAR-TASS today.

"If we say that Dudayev's regime is unconstitutional and that he has violated the Russian Federation's fundamental laws, we are bound to maintain contacts with the Chechen opposition, with reasonable people in Chechnya," he explained.

Ilyukhin pointed out that the Chechen opposition represents many population segments, while Chechnya's breakaway Nadterechny District is now leading a cluster of 12 more districts, all making an actual autonomous enclave within the Chechen Republic.

The security committee chairman cited the opposition's main demands—early presidential elections and the formation of a new legislature. "If we take this course, I think many issues of Chechnya as part of Russia can be resolved with the centre delegating serious powers to local authorities and thus resolving the problem in a democratic manner, without bloodshed," said the parlamentarian.

Commenting on his vision of Dudayev's moves in the current situation, Ilyukhin said: "It appears that Dudayev is well aware that he is facing serious opposition from several movements, parties, military factions and former officials. I was made apprehensive by Dudayev's threat that Russia would get a war in the northern Caucasus if it meddled with this internal conflict. I think it likely that strong pressure on Dudayev within the republic will make him try and soften the blow at himself by unleashing acts of provocation along the border with the rest of Russia, including with North Ossetia and Ingushetia".

Chechen Official Accuses Moscow of Fomenting Civil War

LD0108155094 Moscow INTERFAX in English 1309 GMT 1 Aug 94

[Text] The so-called opposition in Chechnya is being used by some Russian politicians to spark off a civil war in the republic, a senior official from the Chechen president's office declared in an interview with Interfax.

The Chechen official accused Russia's political elite of wanting a Chechen war so as to bring about chaos and a vacuum in power in Chechnya.

"Whoever comes to power in Chechnya will have to pursue a policy of sovereignty, which Moscow will never accept," the official remarked.

Playing the Chechnya card will, in his opinion, lead to the political demise of Boris Yeltsin as Russia's president. "We are concerned about the Russian president being in the dark on plans being nurtured in his team," the official said.

Chernomyrdin Discusses Economic Problems in Karelia

LD0108154094 Moscow ITAR-TASS in English 1321 GMT 1 Aug 94

[By ITAR-TASS special correspondents Gennadiy Yezhov and Vladimir Zlobin]

[Text] Petrozavodsk August 1 TASS—Russian Prime Minister Viktor Chernomyrdin, who is in Karelia on a working visit, has been discussing vital economic problems with the northern republic's leaders and specialists.

Chernomyrdin visited a timber and woodworking mill in the city of Seryozha. Workers of the mill have been on forced unpaid leave for the last three weeks. The mill had to stop its production due to shortage of timber. "Living in the woods, yet without wood," the Russian premier noted.

It is more profitable for the mill management to sell timber to foreign companies, in particular, to Finnish ones, and not to Russian enterprises. The mill is not in a position to compete with foreign firms. It is also beyond their means to raise their production efficiency, hence the inability to hike their purchase prices, since the price on the prepared production would be higher than the prevailing world market price.

During his visit to the Seryozha pulp plant, Viktor Chernomyrdin observed the production process, and talked to workers about their complaints.

Until recently, this enterprise was not only the largest producer of pulp and wood products in Russia, but Europe as well. Today the mill is on the brink of bankruptcy.

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The pulp mill workers have appealed to the prime minister to allow the enterprise to let it keep its foreign currency earnings for purchases of new imported equipment. In addition they requested that the enterprise be freed from the payment of state customs duties on imported technological equipment.

Kostroma Duma Decides To Build Nuclear Power Plant

LD0208102794 Moscow ITAR-TASS in English 0930 GMT 2 Aug 94

[By ITAR-TASS correspondent Vyacheslav Guskov]

[Text] Kostroma August 2 TASS—The local legislative assembly in Kostroma, north central European Russia, has decided to resume work to design and build a nuclear power station despite protests by local greens, communists and liberal democrats.

The opponents of the project say that the Kostroma region, one of Russia's few ecologically clean areas, gets enough electricity from the Volgorechensk hydropower station.

Two years ago, the local opposition collected signatures in favour of holding a regional referendum on plans for building a nuclear power station here. No referendum was held as regional authorities decided to put the project in the mothballs for the time being.

Local sources say that the unpopular decision to take the project out of the moth balls was made under pressure from the pro-nuclear circles which promised an influx of financial resources to the region's empty treasury.

Arms Export Agency Branch Possible in Maritime Kray

MK0208075294 Moscow SEGODNYA in Russian 2 Aug 94 p 1

[INTERFAX report: "Russia May Start Exporting Arms via Maritime Region"]

[Text] A commission of the Defense Ministry and the Russian Federation State Defense Industry, which is expected to arrive in Vladivostok in the first half of August, will consider opening a regional branch of Oboronexport [state-run arms export company] in the Maritime Region. Yevgeniy Nazdratenko, chief of the kray administration, has said that the commission is also ready to mull prospects of defense orders, the maintenance of mobilization capacities, and conversion.

Khabarovsk Territory Hit by 'Acute Economic Crisis'

LD0208092794 Moscow ITAR-TASS in English 0813 GMT 2 Aug 94

[Text] Khabarovsk August 2 ITAR-TASS—Russia's Far Eastern Khabarovsk territory is going through an acute economic crisis, according to statistics published today. The output of industrial products dwindled by one-third in the first ten months of this year as compared with the same period last year, with production slump of 53 percent in ferrous metallurgy, 42 percent in the local machine-building industry, and 42 percent in the timber and wood-working industry.

The overall capital investments amounted, in comparable prices, to a mere 51 percent of the last year's figures for the same period. The centralized investments from the republic's budget were cut by 2.5 times to 25 percent of the total amount. The investments in the agro-industrial complex were cut by 4.2 times. One positive exception is the 34-percent increase in housing construction.

Statistics show that food production decreased considerably with the exception of fish preserves and mayonnaise.

Far Eastern Governor Opposes Ceding Disputed Kuriles

LD0208092594 Moscow ITAR-TASS in English 0551 GMT 2 Aug 94

[By ITAR-TASS correspondents Yuriy Grachev and Leonid Vinogradov]

[Text] Vladivostok August 2 TASS—The governor of the Maritime territory in the Russian Far East said he wants to take over the disputed Kurile Islands from the neighbouring Sakhalin region and made it clear that he is against ceding the islands to Japan.

Addressing leaders of local political parties on Tuesday, Yevgeniy Nazdratenko, who is running for the post of the governor at the upcoming elections, said he "cannot imagine that the lands belonging to Russia be ceded to foreign neighbours". Japan claims four of the southern Kurile islands.

Nazdratenko wants to take over the islands in order to better use their natural resources. He said that a number of raw materials on the islands are not developed, while enterprises in the Maritime region stay idle because of a shortage of them.

He also recalled that fish processing enterprises on the island of Shikotan were built by workers from the Maritime territory.

Nazdratenko resolutely rejected any secessionist ideas. He said he sees the future of the Maritime territory only within Russia and with a single president.

He believes his territory can become "strong and rich" if Moscow allows it to keep proceeds from taxes and customs duties for several years. In this case "the territory will be able not only to solve its problems, but also render considerable assistance to Russian Far Eastern neighbours".

In the first half of 1994 the territory paid 400 billion roubles to the federal budget, according to Nazdratenko who urged local political leaders to press for the interests of the region at the federal level and help pass the law on the status of the Maritime territory.

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International Affairs

Russian Leaders Tell Moroz: Crimea 'Internal Problem'

AU0108112494 Kiev MOLOD UKRAYINY in Ukrainian 29 Jul 94 p 1

[Report by MOLOD UKRAYINY special correspondent Vitaliy Portnykov: "'The Crimea Is Your Own Internal Affair,' Oleksandr Moroz Was Told"]

[Text] [Russian Prime Minister] Viktor Chernomyrdin, [Russian Foreign Minister] Andrey Kozyrev, [Russian parliamentary speaker] Ivan Rybkin, [Chairman of the Federation Council] Vladimir Shumeyko, and other Russian leaders have held talks with a Ukrainian parliamentary delegation headed by Supreme Council Chairman Oleksandr Moroz. It was stressed at a news conference held by speakers of the Russian and Ukrainian parliaments Rybkin and Moroz after the negotiations, that parliamentary ties must become an organic part of interstate ties. Economic problems were the main issue at the negotiations. At the meeting between Andrey Kozyrev and O. Moroz, they discussed details of the forthcoming visit to Kiev by Russian President Boris Yeltsin.

Of course, they also discussed the Crimean issue, but it was not reflected in the text of the final communique, because, as Ivan Rybkin put it, "The Crimea is Ukraine's own internal problem." Oleksandr Moroz certainly approved of that position and pointed out that he had heard the same statements from Chernomyrdin, Kozyrev, and Shumeyko. According to the chairman of the Ukrainian Supreme Council, parliament will continue taking an active part in devising the state's external political course. At the same time, O. Moroz refuted allegations by some Russian newspapers about "external political differences" among various power structures of Ukraine and stated that the visit by the Ukrainian parliamentary delegation to Moscow had been coordinated with President Leonid Kuchma and Prime Minister Vitaliy Masol.

Masol To Push for Lifting FRY Sanctions

AU0108122194 Kiev MOLOD UKRAYINY in Ukrainian 29 Jul 94 p 1

[Unattributed report from Kiev: "As a Result of UN Sanctions Against Yugoslavia, Ukraine Has Lost $4 Billion"]

[Text] On 28 July, during the meeting between Ukraine's Prime Minister Vitaliy Masol and FRY Prime Minister Radoje Kontic, three groups of issues were discussed: bilateral Ukrainian-Yugoslav relations, sanctions against the Republic of Yugoslavia, and mutual economic relations between the two countries.

Radoje Kontic stated that, even though the countries do not in fact cooperate in the economic sphere, the Yugoslav side has prepared about 10 draft economic agreements, in particular, on trade and economic cooperation, on the creation of interstate commissions, on the avoidance of double taxation, on the protection of investment, on the development of scientific and technological cooperation, on cooperation in the spheres of culture, education, transport, ecology, and so on. This cooperation, according to him, may develop after the UN sanctions against Yugoslavia are lifted.

The FRY prime minister spoke in detail about the consequences of the UN sanctions against his country and referred to them as "genocidal punishment of the people." According to him, following the implementation of the sanctions, the national product fell by a factor of 2.5, average wages fell from $250 to $25-$30 a month, and some sectors of the national economy no longer exist. In his opinion, support for these sanctions "will further exacerbate problems and may lead to destabilization."

Radoje Kontic emphasized that, despite the sanctions, the government of his country conducts a flexible socioeconomic policy. In particular, the implementation, on 24 January, of the anti-inflation program led to quite efficient measures, especially in the field of monetary and financial policy. According to him, over the six months since the introduction of the new dinar, its rate of exchange has not changed and constitutes 1:1 relative to the German mark [DM] (the cost of one old dinar relative to the German mark was DM1:15 million dinars). "The results achieved by us are fabulous," he pointed out. "As of today, we have curbed inflation, which previously amounted to several billion percent a year."

Ukraine's Prime Minister Vitaliy Masol informed the audience about the economic situation in Ukraine, pointed out that Ukraine is in favor of a peaceful settlement of the processes in Yugoslavia, and stressed that punitive sanctions with regard to Yugoslavia are causing great economic losses not only for it, but also for other countries. "Ukraine's losses from implementing the UN sanctions against Yugoslavia constitute $4 billion. Ukraine will demand a gradual lifting of the sanctions," he pointed out.

Gore Visit Said To Improve Chances for Western Aid

WS0208111694 Kiev Ukrayinske Radio First Program Network in Ukrainian 1000 GMT 2 Aug 94

[Text] A visit by U.S. Vice President Albert Gore to Ukraine is of particular significance, said Serhiy Osyka, Ukrainian deputy minister of external economic relations, in a press interview. In his opinion, the Ukrainian state has the most favorable conditions for receiving economic aid from the West. It is very important, the deputy minister believes, that the United States acts now, not only as an initiator for extending credits to Ukraine for implementing market reforms, but also as a promoter of our state's integration into the global trade regime.

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Radetskyy, Turkish Defense Minister Sign Agreements

AU0108200394 Kiev MOLOD UKRAYINY in Ukrainian 29 Jul 94 p 1

[Report by the Press Service of the Ministry of Defense: "A Ukrainian Military Delegation—in Turkey"]

[Text] A military delegation headed by Army General Vitaliy Radetskyy, Ukraine's minister of defense, is presently in the Republic of Turkey on an official visit.

On 26 July, the head of Ukraine's military department met with Husamettin Cindoruk, chairman of the parliament of the Republic of Turkey; Mehmet Golhan, national defense minister; and Dogan Gures, chief of the general staff of Turkey's Armed Forces. They discussed issues of national security and peace in the region. Much attention was given during the talks to the vision by the two sides of the practical implementation of the "Partnership for Peace" Program. The Ukrainian and Turkish military also shared their experience in building their own armed forces and exchanged ideas on the participation in the peacekeeping operations under the auspices of the United Nations and joint training of military subunits of the two countries. The sides showed mutual interest in close military-technological cooperation and also in the sphere of military education.

On 27 July, the Ukrainian military visited a school for armored troops and met with the commander of the training division. On the same day, the Ukrainian military delegation visited Turkey's aviation industry enterprises and the Murted Air Base.

Vitaliy Radetskyy, Ukraine's defense minister, and Mehmet Golhan, minister of national defense of the Republic of Turkey, signed on behalf of their respective governments, a bilateral agreement on cooperation in the spheres of military training, technologies, and science.

Turkish Envoy Denies Territorial Claims To Crimea

LD0108184494 Kiev UNIAN in Ukrainian 1535 GMT 1 Aug 94

[Text] Kiev [no dateline as received]—Sara Erarslan, Turkey's charge d'affaires in Ukraine, has clarified her state's stance on Crimea at UNIAN's request. The clarification followed a report in the latest issue of the POST-POSTUP newspaper (No. 25), "Another Claimant for Crimea." The article alleges that Turkish media have published an interview with Dogan Gures, chief of the General Staff of the Turkish Armed Forces, who is quoted as saying that the Crimean Peninsula is "an age-old Turkish territory, and Turkey will do all in its power to restore the right to the invaded Turkish territories."

Since the POST-POSTUP quoted unidentified sources such as "military sources in Moscow," Sara Erarslan said: "Not knowing the exact sources, it is difficult to determine how genuine this information is. There are no documents in the embassy today to confirm this report. As far as I know, Turkish leading papers have not published any such interviews with Gures. There may have been a statement about Crimea, but someone in the media interpreted it incorrectly."

According to the Turkish charge d'affaires, Turkey has a historical interest in Crimea, but its government unreservedly upholds Ukraine's territorial integrity and sovereignty. Top officials have repeatedly stressed that Crimea is a constituent part of Ukraine.

British Experts Retrain Missile Officers

AU0108200694 Kiev HOLOS UKRAYINY in Ukrainian 29 Jul 94 p 4

[Unattributed report: "The Britons Have Shared Their 'Mysteries'"]

[Text] The two-week training of strategic-missile officers that was held in Kiev, Vinnytsya, and Khmelnytskyy is over. Unlike during past training sessions, this time the officers did not look for nuclear-strike targets, but were occupied with absolutely peaceful affairs.

A group of teachers from Great Britain's Coventry University taught the missile specialists, who were about to be dismissed into the reserve in connection with the plan for reducing strategic nuclear forces, fundamentals of business and shared with them commercial "secrets." Even though the course was short, it was very useful. This has been attested to by the personal business plans prepared by the students. Mr. Noel Hibbert, who supervised the program, presented those officers who had prepared the best projects with valuable presents in addition to diplomas, and promised support from British businessmen.

National Affairs

Kuchma To Visit Pervomaysk Missile Base

LD0208081294 Moscow ITAR-TASS in English 0528 GMT 2 Aug 94

[By ITAR-TASS correspondents]

[Text] Kiev August 2 TASS—Ukrainian President Leonid Kuchma will visit a nuclear missile base near the city of Pervomaysk in Nikolayev region on Tuesday and U.S. Vice-President Albert Gore, who is arriving in Kiev today, may also join him.

There were no official confirmations of a possible Gore's trip to the base from either side, but Ukrainian observers do not rule out the possibility because, according to them, the purpose of Gore's visit is to continue U.S. inspections of Ukrainian nuclear disarmament.

The Pervomaysk base where two types of missiles are deployed was visited by U.S. Secretary of Defence

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William Perry in spring. Ukrainian military told him that warheads had been taken off from 30 SS-24 and from 11 SS-19 missiles. A total of 40 SS-24 and 30 SS-19 missiles are to be decommissioned at the base.

Last year two regiments of strategic missile forces have been taken off combat duty and one of them which had ten launching systems was withdrawn from Pervomaysk.

Reduction of Armed Forces Foreseen

AU0108180094 Kiev MOLOD UKRAYINY in Ukrainian 29 Jul 94 p 1

[Unattributed commentary: "One Can Hardly Envy the Supreme Commander"]

[Text] In connection with controversial rumors to the effect that Ukraine's present defense minister Vitaliy Radetskyy may resign, and since the new presidential structures are, allegedly, displeased with him, the question of the actual status of the Ukrainian Army and its defense capability were somehow moved to the background. Moreover, Ukrainian president Leonid Kuchma, the new self-appointed (this is the destiny of presidents) supreme commander of Ukraine's Armed Forces, will have to not only resolve the question of appointing a new defense minister, but the even more complicated issue of reducing Ukraine's Armed Forces.

With regard to the appointment of a new defense minister, the Ukrainian president does not need anybody's help. It is a different matter that this may hardly help resolve the problems the army is facing; moreover, this will further indefinitely delay the process of reforming the Ukrainian Armed Forces. Since it will be necessary to wait until a hypothetical new defense minister starts feeling at home at his new position and forms his entourage. It may also take time before he begins to gain prestige not only in the army and in the government, but also in the international arena. The supreme commander has almost no time to spare. It is officially believed that the numerical strength of the Ukrainian Army is a little less than 1 million, although first Ukrainian President Leonid Kravchuk once mentioned that we have a 1-million-strong army.

Western experts, in particular, Stepan Oliynyk, colonel in the reserve of the U.S. Army, who is in favor of reducing the Ukrainian Army, quoted a somewhat smaller figure: 725,000 persons.

According to present Defense Minister Vitaliy Radetskyy, the Ukrainian Army needs to be halved, primarily in connection with the defense doctrine approved by the parliament. Also, of course, in connection with economic expediency. It is no longer necessary to maintain hundreds of thousands of people who may only formally be called servicemen. However, how to do this? In fact, the Ukrainian nation has assumed the role of hostage to its own inherited army. There is not enough money to pay the officers a more or less decent salary, nor is there enough to provide for their elementary social and living conditions. In accordance with the data at the disposal of Ukraine's Officers' Union, more that 70,000 officers are presently without apartments, amounting to more than 100,000 people, if one takes into account their family members. What to do with those officers and their families who will be dismissed as redundant?

This is about the material and economic plan for reducing Ukraine's Armed Forces, not to mention the combat readiness of remaining units. They also require considerable funds, primarily for procuring modern weapons.

No less complicated is the problem of interrelation between the reduction of Ukraine's Armed Forces and provision of Ukraine's military-industrial complex with orders. It was in fact the directorate of Ukraine's military-industrial complex that supported Ukraine's supreme commander during his election campaign for the post of president.

Human Rights Activist Exposes Radchenko's KGB Past

AU0108190994 Kiev MOLOD UKRAYINY in Ukrainian 29 Jul 94 p 1

[Unattributed report: "Protest by Malynkovych"]

[Text] On 27 July, on the eve of the discussion of Volodymyr Radchenko's candidacy for the post of minister of internal affairs by Ukraine's Supreme Council, well-known human rights champion Volodymyr Malynkovych [long-time contributor to RADIO LIBERTY programs], wrote a letter to the parliament. He quoted facts that convincingly indicate that Volodymyr Radchenko, while working at the KGB in the 1970's and 1980's, took repressive measures against dissidents. "It is difficult to imagine," writes Volodymyr Malynkovych, "that in a democratic country, for example, in present Germany, a former Gestapo functionary who struggled against anti-fascists, or a Stasi officer who persecuted dissidents, might be appointed to the post of internal affairs minister."

Crimean Presidential Advisor Killed

LD0108115594 Moscow INTERFAX in English 1015 GMT 1 Aug 94

[Text] Crimean President Meshkov's economic advisor, leading businessman Mikhail Korchelava, was killed by two shots in the head on the night of July 30 in a cafe of the Tavria tourist center, INTERFAX-Ukraine was told by a spokesman for the Ukrainian Interior Department in the Crimea.

Sources in the Interior Ministry believe that Korchelava had close ties to Sebastopol businessman Yevgeniy Podanev, who was recently murdered and had ties to criminal structures. An investigation has been launched into the case.

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Moroz on Supreme Council's Work, Privatization

LD0108210194 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 1 Aug 94

[Text] Ukraine's Supreme Council Chairman Oleksandr Moroz held a news conference summing up the work of the Supreme Council's first session and the tasks facing it in the near future. Natalya Bondarchuk reports from the news conference.

[Bondarchuk] Obviously, the news conference attracted a great deal of attention from Ukrainian and foreign press, focusing on the whole range of problems shaping Ukraine's political and economic life. The results of the work in Ukraine's newly-elected parliament, according to its chairman, stemmed from the background to its first session: the complex political and economic situation in the state, the incomplete deputy corps—only two thirds—and the absence of a clear majority in the parliament. This, of course, could not but affect the work of the Ukrainian Supreme Council's first session. And yet, summing up, what in Oleksandr Moroz' opinion is at hand?

[Begin Moroz recording] The Supreme Council has outlined the main course and basis of economic development in the period of crisis, and the way the state can affect this development. Despite tangible confrontation, the Supreme Council helped to form the Cabinet of Ministers and other executive structures. It has found the possibility and ways of coordinating actions with other branches of power, which is well received by the people. It is a fact that it is now dealing closer with foreign policy issues and promoting Ukraine's interests in the world community. Finally, in the two months of work we managed to pass 22 important laws and adopt over 100 decisions. [end recording]

[Bondarchuk] The holiday season in between sessions is only a notion for the Supreme Council's commissions. Already, important issues have been scheduled for discussion at the second session, while active work on draft legislative acts is in progress. Listing the issues on the next session's agenda, Oleksandr Moroz named the following as extremely important: state administration, the constitutional process, economic problems, and cultural policy. According to Moroz, the scientific standards of legislative activities will be promoted by the new Institute of Legislation at the Supreme Council of Ukraine. A directive for its establishment has just been signed, Oleksandr Moroz told the news conference. Questions, however different, were concerned with mainly two controversial subjects: What is happening to privatization in Ukraine and our state's foreign policy. Here is the Ukrainian Supreme Council chairman's reply:

[Begin Moroz recording] I would like those writing about the resolution passed by the Supreme Council to read carefully the document we have passed. We are not talking about halting privatization. We are talking about putting privatization in order. It has been decided not to sign new privatization contracts for the next month and a half, but everything that has been done so far as part of the privatization process must be implemented. In the meantime, the Cabinet of Ministers will prepare a list of companies and sectors which are not to be privatized at all, including the energy sector, communications, and so on.

The problems of privatization and change of ownership relations must be placed in a clear legislative framework, therefore we need legislative acts. The commissions are continuously working on that. In foreign policy, I define the Supreme Council's task as active policy-making to defend Ukraine's interests. Since this task is envisaged by the Constitution as a task for the legislature, we have made certain functional changes in the work of the commission for foreign affairs which is now instrumental in the placement of diplomatic staff, and have introduced direct contacts, above all, at the interparliamentary level. That is why our commission, our group of Supreme Council experts at the CSCE interparliamentary assembly worked very persistently, introducing more than 10 amendments to the assembly documents. The recent trip of our parliament members to Russia established relations, and we have already received a group of State Duma and Council of Federation members. Further to these meetings, we submitted our own proposals on setting up of a joint commission to harmonize our legislation and bring it up to the European standard. All this must be placed in an appropriate legislative framework in order to achieve a better effect and defend Ukraine's interests. This is how I understand it. [end recording]

[Bondarchuk] That was a report on today's news conference in Kiev by Ukraine's Supreme Council Chairman Oleksandr Moroz. Natalya Bondarchuk for Radio Ukraine World Service.

Moroz on Supreme Council Results

LD0208132194 Kiev UNIAR in Ukrainian 0800 GMT 2 Aug 94

[Interview with Supreme Council Chairman Oleksandr Moroz by Ukrainian Television 1, UT-1, on 1 August on the work results of the Supreme Council's first session; place not given—all ellipses as received]

[Text] [UT-1] Your assessment of the results of the first session of Ukraine's Supreme Council was a positive one. Voters are saying, however, that the parliament was not doing what it should have been doing. People are waiting for decisive radical steps to get out of the crisis and for an urgent examination of social issues.

[Moroz] This is a very complex issue and a well-reasoned reply has to be given to it. Evidently, I will not manage to do this in our brief interview, but I would like to say that the first session is a specific session: it should organize the work of the legislative body itself. And this is not

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always easy, especially in our situation, because in practice the Supreme Council was created on a multi-party basis, although the elections proceeded on a majority basis. And therefore it was necessary to organize the work of the Supreme Council. And this was not easy to do, because almost a third of deputies had not been elected.

Therefore it was necessary to find agreement among the various political groupings, which had come to the Supreme Council, to set up working bodies and commissions, to select the appropriate subjects, to get constructive work going, and to be engaged in truly important issues. Therefore I would not say that we somehow dispelled people's hopes... The path, which we chose in the legislative process, is supported by people. We did not manage to do everything, but voters expect results today. But I emphasize once again: the legislative process and specific results are one and the same thing...

We determined the direction for developing the economy and for the state's influence on its stabilization and on overcoming the economic disaster. We did this in the fourth week of the Supreme Council's work; that is, we took the step that the previous Supreme Council had not managed to embark on in four years. We formed the Cabinet of Ministers at a time when many were against this, including some in the Supreme Council. We believed, and I believe this today, that executive authority should work without delay, and conditions should be created for this. We made it possible for the Cabinet of Ministers to act flexibly now, and we released it from the narrow framework in the development of taxation policy, taking into account that it should act more freely...

We took privatization policy and the state of affairs in privatization under control. This issue was examined fairly strictly. And if anyone accuses us today of supposedly going against reforms, then this is untrue: we did not stop privatization as a process, we stopped the plundering of the state. We want to place privatization under legal and honest conditions... We are endeavoring to put the reform process in order.

In addition we have taken several important steps to bring order to the state. We have strengthened the legislation concerning combating crime... Therefore, when a politician says that, you see, the Supreme Council did not justify people's expectations, then one should have a look at just who is saying this. And it will turn out that it is said by people bearing deputy mandates.

This is a continuation of the struggle for power, for political power. And I particularly resent those people who do nothing in the Supreme Council. But their claims, you see, are great. They used to say the same thing before too, and they did nothing in the Supreme Council then either, and now they are trying to gain political capital from people's general dissatisfaction with the state of affairs in society, at the same time looking for extremes. But they do not need to look for extremes, just look in the mirror to find those guilty of the situation that exists in our state now.

The processes have gone so deep and so far that you cannot now get anything by acting suddenly. One should proceed from today's realities, so that they are taken into account in all directions of the authorities' actions, including the directions of the legislative body's activity.

[UT-1] So, you reject the idea put forward by individual politicians that the Supreme Council is going through a crisis, or even that it is on the verge of political self-destruction.

[Moroz] They should not scare people with political self-destruction. If they are intimidating citizens so much, they should leave the Supreme Council themselves. Why are they always calling on everyone to do this, but always looking back themselves?... The Supreme Council will work stably. They are displaying their intentions towards the Supreme Council fairly clearly. The Supreme Council is in their way now, very much in the way, because frank words are truly heard there, and one can tell the truth there about everything that is happening in the state, and this does not serve the purpose of those politicians who would like to concentrate their fire on the Supreme Council... A fairly coordinated wave of criticism against the Supreme Council and against the Supreme Council chairman is beginning. I am not afraid of this...

[UT-1] Why has a law on the taxation system not been passed?

[Moroz] This law cannot be examined out of the context of the whole economic situation. The head of the Cabinet of Ministers only came three weeks ago. The president has only been working for a week and a half. It is only now that the executive structure is being fully staffed, and it has to be responsible for the whole situation in society, including those issues concerning taxation policy...

The commissions are working on necessary draft laws in contact with the Cabinet of Ministers. We are not intending to dictate to the government or to the executive authority as a whole: you do this just so, and not otherwise. We want to proceed from practice and the realities that exist in our production today. Therefore work is now going on to prepare a corresponding legislative base, but this issue cannot be taken out of the whole context of the economy...

We have a clear list of issues, which need to be examined from September to December. The commissions are working and will be working without a break. They will prepare all of the legislative acts by September, which will be checked at oblast and rayon level, and there will be two-way communication...

[UT-1] How can one change the structure of the legislation process?

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[Moroz] Last week I signed an instruction on setting up a legislation institution attached to the Supreme Council but with no increase in the number of staff. The thing is that we should put the legislative process on a scientific basis. An analytical center attached to the Supreme Council is also being set up by moving or interchanging employees...

[UT-1] What can you say about foreign policy activity?

[Moroz] If it is considered that trying to achieve positive progress in foreign policy is ambition, then let it be called ambition, but I am going to do this all the same... Supreme Council commissions and the Supreme Council leadership have taken part in several international contacts at the highest level.

[UT-1] There are now quite a few dramatic predictions for Autumn 1994, when the political and economic crises could combine.

[Moroz] I would be wrong not to express concern about this too. However, I am convinced that the situation is not as disastrous as some would like to depict it. While understanding all of the economic difficulties, and there are objective causes for them (if one touches on the agro-industrial complex, then this is a seriously poor harvest—such a thing has not happened in the last 20 years), then these difficulties can be overcome. And the mood in the government as a whole is good... There are options for preventing the situation from deteriorating... One has to get the economy going, because only production can save Ukraine's economy as a whole and can save the budgetary sphere. I am convinced that we will overcome these difficulties...

But it is true that some people want to play out this situation through political conflicts. One should think about who is engaged in this and what they personally and their political forces will win from this. I do not think that they will win anything. The people will not be directed this time...

Moroz Says No Monetary Reform Envisaged

LD0108192694 Kiev UT-1 Television Network in Ukrainian 1600 GMT 1 Aug 94

[Text] Today's news conference by Oleksandr Moroz, chairman of Ukraine's Supreme Council, focused on the results of the first session of Ukraine's Supreme Council and the Council's tasks for the next period. Having examined in a complex ratio the positive and the negative factors of the old session, which passed 22 important laws, the leader of the Supreme Council noted that the deputies had determined the basic principles of the economy during the crisis, found ways to cooperate with other branches of power, and increased its influence on foreign policy. A list of issues to be examined by the next session has already been compiled. It embraces the whole spectrum of life. Standing commissions will work in the summer so that draft laws which are to be examined in September will be ready by 1 September. Oleksandr Moroz was asked if the well-known decision by the Supreme Council meant an end to privatization in Ukraine. He said, no, we are only talking about introducing order to such an important sphere. Answering a question, Oleksandr Moroz said that monetary reform is not envisaged in Ukraine in the near future.

Kuchma Advised To Veto Parliament's Privatization Decision

LD0108163594 Moscow INTERFAX in English 1443 GMT 1 Aug 94

[From the "Presidential Bulletin" feature compiled by Nikolay Zherebtsov and Andrey Petrovskiy, and edited by Vladimir Shishlin]

[Text] Many influential politicians have advised President Leonid Kuchma to veto a parliamentary resolution which, if carried out, would virtually suspend privatization in Ukraine. IF Note: The resolution, passed on Friday evening and entitled "On Ways to Improve the Mechanism of Privatization in Ukraine and Ensure More Effective Control of Its Implementation," suspends all sale and purchase of state property until August 12, a date by which the government is to compile a list of state property items, such as energy, transport and communications enterprises, whose privatization will be banned due to their national importance.

Oleg Taranov, chairman of the parliamentary Commission for Economic Policy, and Anton Buteyko, coordinator of the Center parliamentary group, believe that some of the points in the resolution contradict the legislation on privatization and that Kuchma can therefore use his right of veto against those points.

The resolution has also been sharply criticized by Viktor Pinzenik, a member of parliament who, according to what Kuchma has repeatedly said, is very likely to be included in the new presidential team. Pinzenik thinks the resolution threatens to bring to naught Ukraine's chances to receive a stabilization loan of $700 million from the International Monetary Fund.

Parliamentary Chairman Aleksandr Moroz, however, says the resolution does not suspend privatization but simply instructs the government to "put it in order." "All privatization contracts that have been signed to date will be carried out," he said. For that reason, a presidential veto would hardly be a justifiable step, he said.

Analysts expect, though, that Kuchma will opt for a some kind of compromise solution since he needs the legislators' support for his plan to reform the country's government system.

A senior source in the presidential staff told Interfax that Kuchma was proposing a "constitutional accord" to be signed by all branches of authority. The document should map out guidelines for the reform, which, in the

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president's view, is needed because the present Constitution, with its gaps and contradictions, provides no basis for a proper separation of powers, the source said.

He said the accord could be signed by the president and the chairmen of parliament, the Supreme Court and regional councils. The agreement could be the first step towards a Constitutional Assembly that could consider a draft of a new Constitution, the source said. He said a national referendum could be also be called on the basic points of the Constitution.

Kuchma's proposal had been backed by the heads of the Kiev, Kharkov and Odessa city councils and the heads of the Dnepropetrovsk, Kharkov, Lvov, Odessa and other regional councils, the source said.

New Party Based on MBR, 'New Ukraine' To Support Reform

WS0208135894 Kiev KIYEVSKIYE VEDOMOSTI in Russian 30 Jul 94 p 3

[Report by Vladimir Katsman: "A Party Based on the Interregional Bloc of Reforms and 'New Ukraine' Will Support the President and Follow Liberal Course"]

[Text] Your correspondent has learned the particulars of a closed-door session of the organizing committee of a new party which, as we have reported before, is being created by Volodymyr Hrynyov on the basis of the Interregional Bloc of Reforms [MBR] and the "New Ukraine" association.

The session was attended by delegates from 10 Ukrainian regions—primarily businessmen, young politicians, representatives of the intelligentsia and power structures. The session was opened with a report by Chairman Hrynyov on his meeting with newly elected President Leonid Kuchma, cochairman of the MBR, about the creation of a new party. Leonid Danilovych [Kuchma] expressed his desire to see this new structure as a footing for endorsing reforms and his readiness to uphold its creation in every possible way. In their turn, MBR and "New Ukraine" representatives stated that they will ensure political support for the president in implementing his reform program.

Participants in the session adopted drafts of a political statement on the creation of the party (for the time being, the party is using the name of its predecessor—"Interregional Bloc of Reforms") and on party rules (based on the principle of centralism, but nonetheless envisioning rather broad rights for regional organizations and a mandate for "party supporters"). The tenets of a draft economic program reflect the obvious liberal tendencies of the party. The "MBR," in particular, supports the priority of private property, the sale of land, privatization, restructurization of industrial sector, changes in monetary policy and taxation, a federal state system, etc.

The constituent congress of the new party is scheduled for this November; before then, "MBR" regional conferences and several sessions of the organizing committee will be held. According to Volodymyr Hrynyov, it is not ruled out that "New Ukraine" will be preserved as a preelection bloc which may unite liberals and social democrats, and the new party will join "New Ukraine" as a collective member.

It is intriguing that some passages of the inaugural address by President Leonid Kuchma reiterated the program tenets of the "MBR" almost word-for-word. Whatever it was, Leonid Kuchma is likely to receive rather firm support from the right center...

Enterprise Workers Endorse Privatization

AU0108200494 Kiev HOLOS UKRAYINY in Ukrainian 29 Jul 94 p 1

[Unattributed report: "Collectives' Call"]

[Text] Labor collectives of 132 privatized enterprises of Lvov, Luhansk, Ivano-Frankivsk, Khmelnytskyy, Zaporizhzhya, Cherkasy, and Uzhhorod called upon the Supreme Council not to halt privatization in our country.

The collectives of privatized enterprises, reads the document, have become convinced from their own experience that following privatization, the commodity turnover of enterprises rose, the income and deductions into the budget increased, as well as incentives for the workers to improve the results of their labor.

P.S. However, in the opinion of the editorial board, one needs to speak of such things in terms of concrete figures.

Justice Ministry Registers New Bolshevik Party

LD0108174394 Kiev UT-1 Television Network in Ukrainian 1600 GMT 1 Aug 94

[No video available]

[Text] The Justice Ministry has registered the Party of Bolshevik-Communists of Ukraine [Partiya Komunistiv Bilshovykiv Ukrayiny]. Its basic aim has remained practically unchanged—the rallying of workers to fight for the abolition of exploitation of man by man in any form, and to build a classless society in Ukraine.

This is the 35th party to be registered by the Justice Ministry.

Ex-Presidential Candidate Lanovyy To Launch Reform Movement

WS0208080494 Kiev KIYEVSKIYE VEDOMOSTI in Russian 29 Jul 94 p 3

[Report by Vladimir Katsman: "Volodymyr Lanovyy Believes That We Are Facing a Parliamentary Crisis"]

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[Text] Your correspondent has learned that yesterday, under an initiative from the Ukrainian Association of Private Owners and Entrepreneurs [UAPOE] as well as election staffs in support of former presidential candidate Volodymyr Lanovyy, a closed-door conference was held with the participation of regional political leaders and businessmen, who share the opinions and stance of the Center of Market Reforms' chairman. The conference was attended by over 70 regional leaders from 21 Ukrainian oblasts.

While speaking at the conference, Volodymyr Lanovyy emphasized that it is necessary to create a new public political movement in support of reforms. (However, he did not specify whether such a movement should be a party, a public political association, a political club, or something else). The backbone of such a structure should obviously comprise UAPOE regional branches and Lanovyy's election staffs. Lanovyy reported that the parliamentary "Reforms" faction has already adopted a resolution to initiate a new political public movement, and it is the regions' turn now.

In Lanovyy's opinion, the period of trust granted by the people to those in power is very short. "If someone thinks that he was granted his high post for four years, he may be wrong," Lanovyy emphasized. Lanovyy is sure that Ukraine is facing an internal parliamentary crisis today: The disparity between various forces in the Supreme Council will make itself felt in a short time.

Following the conference, Volodymyr Lanovyy held several private meetings with regional managers of commercial structures.

Twelve More Deputies Elected To Supreme Council

LD0108191894 Moscow INTERFAX in English 1757 GMT 1 Aug 94

[Text] A total of twelve more deputies were elected to the Ukrainian parliament at by-elections on July 31, the Central Election Commission told Interfax. Eleven of the twelve are non-party candidates, the other being a Communist.

During the first round of the parliamentary elections on March 27-April 10, this year, 336 deputies were elected. In accordance with the Ukrainian Constitution there are 450 deputy seats in the Ukrainian parliament. A total of 20 deputies were elected during the second round of the parliamentary elections on July 24.

By-elections will take place in 34 more constituencies on August 7. If necessary, one more round of elections will be held this autumn.

The Communist Party has the largest representation in the new parliament (88 people). There are also 20 deputies from the Peasant Party and 13 from the Socialist Party. The People's Rukh of Ukraine will be represented by 20 deputies.

Lvov Deputies Concerned About 'Imperial Rule'

WS0208094294 Lvov VYSOKYY ZAMOK in Ukrainian 30 Jul 94 p 1

[Statement issued after the first session of the second convocation of the Lvov Oblast Council of People's Deputies; place and date not given]

[Text] The session of the Lvov Oblast Council of People's Deputies congratulates Leonid Kuchma upon his election to the post of Ukrainian president, and voices its readiness for constructive cooperation for the benefit of the Ukrainian people and their independent state.

However, two provisions of the inaugural speech delivered by Ukrainian President Leonid Kuchma on 19 July 1994 raise serious concerns among broad sectors of our oblast's population.

The intention to amend the Ukrainian Law on Languages and grant official status to the Russian language will practically lead to a liquidation of the constitutionally confirmed status of the Ukrainian language—our national language. We believe that the primary goal of our state is to introduce economic reforms and improve our political system in a democratic direction, which will become a unifying center for Ukraine, and not to take measures which will lead to confrontation and division in Ukraine.

Incomprehensible is a thesis about the Eurasian orientation of our foreign policy. Historically, geographically, and geopolitically, Ukraine belongs to Europe. Democratic traditions and new technologies can come to Ukraine first of all from Europe. Ukraine needs economic relations with Russia, as well as with other states, but only those based on partnership and mutually beneficial rules, which would make it impossible to transform Ukraine into a neocolonial state.

The newly elected Lvov Oblast Council states that anyone's attempts to undermine the state institutions of independent Ukraine, which would contribute to the restoration of imperial rule by the neighboring state, will be met with a decisive counteraction by the Lvov Oblast deputies and people.

Cabinet Approves Draft 1995 Economic Development Plan

LD0108175894 Kiev UNIAN in Ukrainian 1535 GMT 1 Aug 94

[Text] Kiev—A draft of the plan for Ukraine's social and economic development in 1995 was discussed at a meeting of the Cabinet of Ministers on 1 August, chaired by Prime Minister Vitaliy Masol and attended by heads of government departments, the government of the Crimean Republic, oblast council chairmen, and the chairmen of Kiev and Sevastopol city councils.

The plan attaches special importance to measures aimed at stabilizing production, lowering inflation, and

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increasing individual incomes. State priorities also include the development of agro-industrial and fuel complexes.

The meeting heard that from now on the state will regulate prices only for the basic types of raw and fuel materials, children's goods, foodstuffs of public significance, basic communal services, medicines, and monopoly products.

The state will exercise tight control over currency circulation. There are plans to overcome the payment crisis, gradually introduce a realistic exchange rate, and stabilize credit policy. Budget expenditure will be maintained within income limits. It is also planned to introduce a profits tax and revise the taxation procedure and the tax scale. Mandatory declaration of income will be introduced.

A package of measures will be aimed at improving the privatization process and increasing control over its implementation, creating a competitive environment, and providing state incentives to small businesses. The state will also assist the implementation of the land reform and formation of mixed agricultural production with an appropriate market infrastructure.

After approving this draft on the whole, the Cabinet of Ministers instructed ministries and departments to prepare the draft plan for Ukraine's social and economic development in 1995 and submit it for the government's consideration by the end of September.

Drop in GDP 'Somewhat Leveled' in 1st Quarter

WS0208102294 Kiev UKRINFORM in English 1902 GMT 1 Aug 94

[From the "Business News Weekly" feature July 25-31 1994]

[Text] According to the Ukrainian Ministry of Statistics, the steeply falling curve of Ukraine's GDP in the January-March 1994 period somewhat leveled within the three subsequent months of 1994's 1st semester. Its outward appearance in comparable prices [not further specified] versus 1993's similar period looked like this.

	1st quarter	1st semester
GDP, including added value:	66.1	73.5
material production sphere	66.4	73.0
non-material production sphere	79.4	82.8

The share of material production in added value GNP grew from 18.4 percent to 23.4 percent in the first semester of 1994. About a third of non-production added value accrued from financial mediation, which increased threefold over the last three years. GDP involving social services, financed through the state budget and enterprises' own means, appeared less affected by general shrinkage.

With retail trade markups' ceiling imposed, the share of branches belonging the circulation sphere reduced 1.5 fold (to 8.3 percent of GDP, while the aggregate share of industry, construction and agriculture grew by 10.7 points to reach the mark of 59.2 percent of GDP.

Wages' share in GDP grew by 8.2 points, the population's aggregate money incomes, by 8.5 points, and acquisition of commodities and services, by 7.8 points; the entire increment in monetary incomes was spent on commodities and services. Commodity and service acquisition accounted for 38.9 percent of GDP and for over 70 percent of the population's aggregate income.

The share of fixed capital's consumption amounted to 2.8 percent in the first quarter of 1994, which testified to limited investment resources.

The amount of means, which are distributed through the budgetary system (except the Pension Fund), grew from 32.7 percent to 36.7 percent of GDP. The budget deficit: GDP ratio (bank credit not included) grew from 1.2 percent to 6.4 percent.

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Belarus

Lukashenka Seeks Friendship Treaty With Yeltsin

LD0108162694 Moscow Ostankino Television First Channel Network in Russian 1400 GMT 1 Aug 94

[From the "Novosti" newscast]

[Text] It has become known from official sources that the meeting between the Russian and Belarusian presidents will take place not on 2, but on 3 August.

[Correspondent Aleksey Zhuk] The Belarusian president's first foreign trip will be to Moscow, and this is understandable. Russia is the nearest neighbor, and relations with it are a priority for the republic, Alyaksandr Lukashenka said. It has become known that the Belarusian side intends to put forward a whole package of initiatives, and a multiscale economic treaty is expected to be discussed.

[Begin Lukashenka recording] Up to now we have not had a treaty on friendship and mutual assistance with the Russians. Can anything be more absurd? There is not even a framework treaty. That is why I intend to be the first to raise this question.

And it is time to settle the second problem, too. This is the problem of uniting the monetary systems. In addition, there are a number of small problems—the debt to the Russian Federation for fuel, the military problem, and many, many others, 15 questions in all—which we intend to discuss with the president of the Russian Federation. [end recording]

Lukashenka on Sovereignty, Foreign Relations

WS0208114594 Minsk ZVYAZDA in Belarusian 29 Jul 94 p 1

["Text" of speech by President Alyaksandr Lukashenka at an Independence Day ceremony at the State Philharmonic in Minsk on 26 July: "We Hope for Constructive Cooperation With All Political Forces"]

[Excerpts] [passage omitted] Our Belarusian land remembers many things. It was partitioned and divided between Poland and the Russian empire. It was marched upon by the boots of German invaders in 1914-1918 and 1941-1945, but Belarusians were always Belarusians. The freedom of our country was secured after an unbelievable effort. Today, we have our own state with its appropriate institutions and characteristics. On 27 July 1990, the Supreme Soviet adopted the Declaration of Belarusian State Sovereignty. On 25 August 1991, at an extraordinary session, the Supreme Soviet endowed the Declaration of Sovereignty with the status of constitutional law. The Belarusian state has entered a new stage of development.

Today, we can extensively discuss whether this move was a just one, or whether it was an initial step toward the tragedy of the Viskuli agreements. We cannot, however, rewrite history to please certain politicians. Today, the statehood and sovereignty of Belarus is a reality which cannot be disregarded. This reality is confirmed by the new Belarusian Constitution, adopted on 15 March 1994, which reflects the aspiration of every one of us to see our native land as a free, democratic, and well-organized country. [passage omitted]

Today, as never before, we need the unity of state and society. There is a divergence—a rather big one, actually—between methods and means proposed by various parties to attain their goals. Therefore, if all the parties agree upon what constitutes the primary national interests, then the discrepancies in tactics will not hamper the common cause (providing there is a desire to cooperate). It is necessary to think about the working out of a mechanism for coordinating positions of various social forces, parties, and public associations, a mechanism of real consolidation among society.

Civic accord should embody not only political parties, but also nationalities and religions. We are different, but we have one land, one state. We have to live here. Therefore, the issue of accord is a very important issue for us, a basic one.

I am a pragmatist and I understand that politics is an art of attaining possible things or, more often, an art of reasonable compromise. A true politician, while frankly wishing the best for his country, should be able to rise above his personal ideological inclinations. The only ideology capable of uniting all of us is the ideology of civic accord and national prosperity. These are two paths leading to the further strengthening and development of Belarusian statehood. [passage omitted]

While taking care of peace and civic accord in our country, we should adopt measures for establishing peace and accord with our neighbors, near and far, in the world community. As early as in the Declaration of State Sovereignty, Belarus has announced its long- term objective to become a politically and economically independent, as well as nonnuclear, state with a democratic system of power and socially oriented market economy. Belarus is one of the founding members of the United Nations; it is a full-fledged member of the world community; it is generally recognized as an equal subject of international relations.

Until December 1991, while being a constituent republic of the USSR, Belarus was party to 160 international treaties. Currently, there is an urgent need for adopting bilateral agreements. This will allow us to create a solid legal foundation for full-fledged interstate cooperation. During the four years following the declaration of independence, Belarus was officially recognized as a sovereign state by 123 states. Diplomatic relations were established with 97 countries. There are embassies and diplomatic representatives of 21 countries in the Belarusian capital. To strengthen the international prestige of

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Belarus and safeguard the rights and interests of Belarusian citizens abroad, 14 embassies and seven consulates have been opened in various countries. The best relations link us with our closest neighbors—Russia, Ukraine, Lithuania, Latvia, and Poland—as well as with geographically removed, but nonetheless close CIS member states.

Directing the main orientation of our foreign relations toward Russia, we also believe that our state should not close itself off from the rest of the world. A policy of self-isolation is impossible in the center of Europe at the end of the 20th century. Belarus is open for cooperation with the entire world, which is based on international legal norms as well as principles of mutual benefits and equal partnership. Our national interests should be the primary and sole criteria for our foreign policy.

Many have frightened our people: "If power changes, if those governing Belarus for a long time have to leave, nobody will want to deal with a new leadership." Such prophecies proved to be futile and unsubstantiated. The new political leaders of the Republic have not only escaped political isolation, but also begun to develop new international ties. It is because the world community conducts negotiations not only with specific people, but, in the first place, with nations, states. There are grounds to believe that in the immediate future the support for Belarus by international organizations and business circles will be increased.

At the same time, however, we should understand that no amount of international assistance will replace our personal, honest everyday work for the benefit of Belarus, in the name of our people. The highest-level state leaders should remember this principle above all else. The president and the government are currently working out a program for leading our economy out of its crisis. The program will be submitted for discussion during the upcoming Supreme Soviet session. Extensive work is being conducted to analyze the situation in specific, large enterprises in the Republic; personnel issues are being resolved. Of course, some people would like to feel an improvement in their living standards immediately. Unfortunately, there are no miracles in real life. The path out of the crisis requires a considerable period of time, hard work, mutual understanding, and patience. This is why we hope for constructive cooperation with all political forces which wish their nation well. We will be faced with the difficult task of introducing order, combating crime, and forcing economic reforms. The government has been given the credit of confidence, and it must use this credit in the name of Belarus and for the benefit of the Belarusian people. [passage omitted]

Bread Rationing Reported in Baranovichi, Polotsk

WS0108131394 Minsk Radio Minsk Network in Belarusian 1200 GMT 1 Aug 94

[Text] In the early hours of the morning, residents of Baranovichi form lines in front of stores carrying bakery and diary products. Many pensioners do not endure the hours-long ordeal and must call upon paramedics. Nevertheless, the local bakery insists that the production of bread has not decreased, and in fact claims it has increased, which can be confirmed by figures. Whereas last month, 68 tonnes of bread were purchased every day, currently 70 tonnes are being bought every day. The demand for other bakery products has decreased sharply. [Words indistinct] the local authorities, however, have chosen a different way. Bread is being sold in exchange for ration cards, with each person receiving one or two loafs.

Elderly residents of Polotsk have recalled the first years after World War II. Bread here is again being sold in exchange for ration cards. The City Council Executive Committee has explained that this extraordinary measure was taken due to a lack of flour. The allowances are completely inadmissible—one loaf of bread per resident and half a loaf per visitor—the RID news agency reports.

Accord Party Reacts to Lukashenka's Appeal

WS0208082294 Minsk Radio Minsk Network in Belarusian 0700 GMT 2 Aug 94

[Text] As everybody knows, the Belarusian president has called upon political parties and movements to cooperate for the benefit of our country. In this regard, the Party of People's Accord [PNZ] Executive Committee, which regards the idea of consolidation of society as a goal of its platform, has appealed to Alyaksandr Lukashenka with its own proposals.

In the opinion of PNZ, broad consultations with the participation of government members, Supreme Soviet deputy factions, local authorities, trade unions, entrepreneurial circles, and political parties could become a mechanism to achieve national accord. The subject of such debates would be the government's and alternative programs for finding a way out of the current crisis.

NRB Denies Split, To Form Youth Organization

WS0108142594 Minsk VECHERNIY MINSK in Russian 29 Jul 94 p 1

[Report by Valeriy Stepanov under the "Political Zodiac" rubric: "Movement Reinforces Its Ranks"]

[Text] The press service of the Popular Movement of Belarus [NRB] has stated that rumors about an alleged split within the NRB, which are being disseminated by the media, do not correspond with the truth. The removal of the bankrupt leadership of the Communist Party of Belarus and the Lenin Youth Communist League from the NRB Coordinating Committee has in no way affected the NRB activity.

Having preserved its unity and all local structures, the NRB is preparing for legislative elections and reinforcing its ranks. Thus, the NRB is considering membership applications by the nationwide "Union of Army and the

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People" association, whose backbone is constituted by young people, and also by the nationwide "Education, Science, Progress" public movement, which includes scientists, lecturers, and workers of higher educational institutions.

The NRB press service also announced the creation of an organizing committee for preparing the constituent congress of Belarus' new youth organization for people under the age of 27. The organizing committee includes representatives of the Slav Assembly Belaya Rus and the Liberal Democratic Party of Belarus.

The organizing committee should determine the name for the new organization and its symbols, as well as prepare its constituent documents. The NRB will form an organizing group for establishing connections with regions rendering assistance to the organizing committee.

Moldova

Dniester KGB Tapped Chisinau Leaders' Telephones

AU0208070594 Chisinau BASAPRESS in English 1930 GMT 28 Jul 94

[Text] Chisinau BASAPRESS, 28/7/1994—"In the spring of 1992, when the armed conflict broke out on the Dniester banks, the Dniester secret services were actively fighting the Moldovan Ministry of National Security," reported today CURIERUL DE SEARA. According to the latest statements made by the Tiraspol secret services, their actions were not confined only to "the fight against subversive groups composed of bandits and ex-prisoners" as it was thought. They were also aiming at a massive infiltration of people into Chisinau and at the creation of a strong agents' network in Moldova. The agents were drafted mainly from the ranks of the Tiraspol regime followers. "Tiraspol secret service employees do not deny the fact that they line-tapped the conversations of the Chisinau leaders and Ministries of Defence and National Security. The interception of the radio programs and radio jamming is considered to be a routine work for the Tiraspol KGB," added the quoted source.

Newspaper Accuses Dniester President of KGB Ties

AU0208064894 Chisinau BASAPRESS in English 1900 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—"An analysis of Igor Smirnov's life allows us to conclude that the president of the self-proclaimed Dniester republic was a Soviet secret service resident," states Nicolae Ciobanu to the newspaper MOLDOVANUL, publication of the Moldovan Republican Party. In his opinion, the conflict between Smirnov and Aleksandr Lebed shows the permanent competition between military forces and former Soviet security.

He alleged that the KGB helped Smirnov to receive his post and that he did not fall short of keeping the situation tense in eastern Moldova. Ciobanu stated that Smirnov is still protected by the KGB as he was not prosecuted for being involved in Mafia structures. "If there is a failure, the resident will be terminated and not replaced. Perhaps, Smirnov's time has not yet come," Ciobanu said. Since 1989 Smirnov has fought openly against Moldova's constitutional organs. On August 29, 1991, he was arrested by the Moldovan authorities on the grounds that he supported the Moscow conspiracy, but he was released in exchange for the unblocking of Tiraspol-Chisinau railways. He said that the version that Smirnov was released after he accepted to leave for good Moldova—in exchange for 1 million rubles and an apartment near Moscow—but he did not keep his promises, is quite possible.

Embassy in Bucharest Denies Link to 'Ex-Soviet Mafia'

AU0208122994 Chisinau BASAPRESS in English 1930 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—Sources from the Moldovan Embassy in Bucharest, commenting on the article "Ex-Soviet Mafia in Romania!" published on July 27-28 in the [Romanian] newspaper LIBERTATEA, stated to BASA that "Valentin Miscoi and Leonid Lupascu accused of trading strategical products are no longer members of the Bessarabian diplomatic representation in Romania." The quoted sources pointed out that Lupascu is presently consul at Moldovan Consulate in Vienna and Valentin Miscoi has been recently recalled by the Moldovan Ministry of Foreign Affairs. At the same time, the Moldovan Embassy has no hard evidence against these two people. "We cannot draw conclusions based on an article," concluded the quoted source.

Stavila Praises Partnership Agreement With EU

AU0208073194 Chisinau BASAPRESS in English 1900 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—The signing of the Partnership Agreement between the European Union [EU] and Moldova proves the consistency of Moldova's foreign policy, stated to BASA Ion Stavila, head of the Europe and North America Department of the Foreign Ministry. The agreement was signed on July 26 in Brussels and establishes the necessary juridical foundation for the relations between the European Union and Moldova. It establishes a political dialogue on various levels and a free trade zone and promotes mutually advantageous cooperation. Leon Brittan, European Commission deputy chairman, stated during the signing that the agreement opens the way to Moldova's signing of new agreements with the European Union and its 12 member states. He emphasized that the agreement will foster investments in the Moldovan economy. Stavila specified that the signing of the Partnership for Peace, Partnership Agreement with the European Union

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and the forthcoming adherence to the Council of Europe are examples indicating Moldova's integration in the European structures. "We did not expect that the signing will take place so fast; we expected a long process of negotiations that started on April 24 this year," Stavila said. On July 25, an agreement on granting Moldova a credit worth 45 million ECU ($50 million) for supporting its trade balance was signed. Stavila said that the signing of this agreement proves that "the European Union appreciates Moldova's policy and that the Moldovan Government is supported by the European structures".

Parliamentary Leaders View New Constitution

AU0208125594 Chisinau BASAPRESS in English 1930 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—Today, Parliament Speaker Petru Lucinschi and Moldovan Deputy Speakers Nicolae Andronic and Dumitru Motpan held a press conference on the adoption of the Moldovan Constitution. "At last, after four years of work, we succeeded in adopting the Constitution. Now, the procedure of Moldova's adherence as a full member to Europe will begin," stated Lucinschi. He then pointed out that the deputies adopted 200 resolutions on the social-economic situation in the current parliamentary sessions. "I have stated during the electoral campaign that two years will be necessary to stabilize the situation. However, due to the drought, this period will be prolonged," stated Lucinschi. He said that the implementation of reforms at the macro-economic level was faster than in other former Soviet republics. Lucinschi regretted that the opposition factions which took part in the discussion and voting on 110 articles voted against the adoption of the entire Constitution and began to organize activities compromising the Constitution. He said that thus these factions aim at accumulating political capital. Lucinschi specified that 80 percent of the FPCDM's [Christian- Democratic Popular Front of Moldova—opposition party] amendments and 50 percent of the Peasants' and Intellectuals' Block's [BTI] amendments were included in the Constitution. Nicolae Andronic regretted that Parliament did not decide to conduct a referendum on the constitution, arguing that its results would have made the opposition's doubts on the legitimacy of the constitution void. Lucinschi stated that the clause on identity of Moldovan with Romanian should have been established in the Constitution; this would have put an end to the confrontations between common people. He said that Parliament requested the Academy to present a scientific definition on this matter.

Opposition Says New Constitution 'Anti-Democratic'

AU0208070994 Chisinau BASAPRESS in English 1900 GMT 28 Jul 94

[Text] Chisinau BASAPRESS, 28/7/1994—Today, the Christian-Democratic Popular Front of Moldova [FPCDM] issued a Memorandum stating that the Constitution voted on by the Moldovan Parliament on 28 July 1994 has "a series of anti-democratic, repressive, discriminatory, and anti-national provisions." The memorandum states: "Thus, the Tiraspol and Comrat separatist regimes and the existence of the 'Moldovan language,' other than the Romanian language, and the 'Moldovan people,' other than the Romanian people were legitimated by the Constitution. The moral-religious education in the state-run schools was prohibited and the death penalty was established. At the same time, Russian language received a privileged status, which puts the language of the natives in a similar discriminatory situation it faced during the Communist regime of occupation."

The memorandum also says that the old Soviet type of administration was preserved. "The Constitution tolerates the freedom of opinion as long as it corresponds to the ideology of the governing party. Opinions other than official will be regarded as anti-constitutional and punished by the law. The freedom of word and press is practically suppressed," states the Memorandum. Hence, "according to article 143 of the Constitution, the FPCDM launches the civic initiative of gathering signatures to revise the Constitution."

Defense Ministry Against Alternative Service

AU0208072994 Chisinau BASAPRESS in English 1900 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—"A campaign to dissolve the alternative service took place in Moldova," stated to BASA Ilie Luca, acting head of the Alternative Service Department subordinated to the government. The main arguments were that it does not yield revenues and serves as a shelter for all those who do not want to serve in the army. According to Luca, beginning 1991, 12,804 youths have been drafted by the alternative service. About 5,000 youths who did not succeeded in proving that they are pacifists or belong to specific religious groups were not drafted. Currently, 7,329 youths are in the alternative service. In 1992, the alternative service yielded the Moldovan budget 105,300,000 rubles, in 1993 127,080,000 coupons and in the first half of 1,994,225,000 lei. Ilie Luca denied the rumours that most youths of the alternative service are engaged in the commercial and public nutrition sectors. "46 percent of recruits work in agriculture, 7 percent in communal services, 6.5 percent in constructions and the others work in hospitals, asylums for elderly people and road maintaining," stated Luca. According to him, the alternative service transferred 39,000 lei to the social sphere. Representatives of the Defence Ministry attempted to inspect the alternative service, but they were not admitted as it is subordinated to the government. BASA learned from other sources that a list of new recruits was forwarded to the Moldovan prime minister two months ago, but it was not yet signed. Local observers feel that the campaign of discrediting the

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alternative service is due to the negative attitude of the Defence Ministry toward the alternative service.

Fired Journalists Sue National TV, Radio Company

AU0208070494 Chisinau BASAPRESS in English 1930 GMT 28 Jul 94

[Text] Chisinau BASAPRESS, 28/7/1994—BASA learned that five fired reporters sued the national radio and TV administration. According to the Chisinau Court decision, Aneta Grosu and Zinaida Tarna, of those illegally dismissed, were reemployed. Vladimir Griceniuc, lawyer at "Teleradio-Moldova," states that the administration is not satisfied with the court decisions and that it intends to petition the Supreme Court. Aneta Grosu, who was fired and reemployed according to a decision by the Buiucani sector court, told BASA that the "Teleradio-Moldova" administration violated the labour legislation and that "it would be more than strange if the Moldovan Supreme Court will decide otherwise." Dumitru Turcanu, "Teleradio-Moldova" deputy director, stated that the administration fired the reporters according to the March 11 1993 Presidential Decree No.63. "According to the decree, the Moldovan Radio and TV was 'liquidated' and not 'reorganized'; and later the 'Teleradio-Moldova' was created." In this situation, the administration's actions "are just and in accordance with the current legislation," stated Turcanu.

Snegur Hails ROSSIYSKAYA GAZETA Linkup With Moldova Paper

MM0208102594 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jul 94 First Edition p 6

[Untitled greetings message from Moldovan President Mircea Snegur]

[Text] One cannot but be gratified by the decision of the ROSSIYSKAYA GAZETA and NEZAVISIMAYA MOLDOVA editorial offices to exchange newspaper pages to enable readers in Russia and Moldova to learn mutually, at first hand, just how the two friendly countries live. I view this marvelous undertaking as an important step toward strengthening mutual understanding, good-neighborly cooperation, and cultural and information exchange between our historically close peoples.

May I take this happy opportunity to cordially greet ROSSIYSKAYA GAZETA and wish them good health and success in all their good undertakings and deeds.

[Signed] President Mircea Snegur of the Republic of Moldova

Dniester Court Freezes Assets of TV Station

MM0208104594 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jul 94 First Edition p 6

[Unattributed report: "Who Is Hampered by 'Asket' Television Studio?"]

[Text] Representatives of the Dniester Region Supreme Court have placed a suspension order on the bank account and immovable assets of the Tiraspol-based "Asket" cable television studio. The overall value is estimated at 100 million Dniester Region rubles [R].

It is precisely this sum which Igor Smirnov, president of the unrecognized Dniester Republic, has requested by way of compensation for "slight of honor and dignity." In its broadcasts, the independent "Asket" cable television studio has repeatedly accused the Dniester Region leadership and Smirnov personally of corruption and abuses. The main "accusers" have been Lieutenant General Aleksandr Lebed, commander of Russia's 14th Army, and Tiraspol Commandant Colonel Mikhail Bergman, both of whom have been in conflict with the Dniester Region leadership for over a year now.

An INFOTAG correspondent was told by sources close to the leadership of the 14th Army that Aleksandr Lebed viewed the actions of the Dniester Region Court Tiraspol Administration as "an attempt to destroy one of the few independent mass media sources in the Dniester Region."

Representatives of the Dniester Region Supreme Court refused to comment on the situation in any way, shape, or form.

Local observers note that the new conflict surrounding the "Asket" television studio may lead to the exacerbation of interrelations between the leadership of the Dniester Region and the command of the Russian Federation 14th Army.

Officials View Drastic Drop in Economic Output

AU0208073694 Chisinau BASAPRESS in English 1900 GMT 28 Jul 94

[Text] Chisinau BASAPRESS, 28/7/1994—The Moldovan economy faces a difficult situation, stated Vice Premier Ion Gutu during today's meeting of Moldovan decision-makers of the economic sector. Over the first quarter of 1994, the gross domestic product decreased by 26 percent in comparison with the same period of 1993, whereas the industrial output dropped by 30 percent. According to the Ministry of Economy, the gross domestic product will fall by 60 to 65 percent in comparison with 1990, while the net product will drop by 58 to 63 percent. Industrial output over the first quarter of 1994 decreased by 53 percent compared to 1990, including electric energy by 51 percent. Over the same period, agricultural output decreased by 41 percent. The minister of economy, Valeriu Bobutac, stated during the meeting that "the economy is financed at the limit of possibilities." He said that the mutual debts between enterprises stand at 1 billion lei ($250 million.) Mentioning that the current government "expressed its attachment to the market economy," Bobutac said that among the key problems of the reform is the state regulation of the economy. According to him, 80 percent

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of Moldovan patrimony is possessed by the state. "Presently, the banks grant most their credits to monopolist enterprises or insolvent economic entities, thus worsening the financial situation," Bobutac said. Referring to the state enterprises privatization, Ceslav Ciobanu, privatization minister, said that 500 small enterprises and 150 small and medium enterprises will be privatized this year. He said that the state privatization program for 1994-1995 is being elaborated.

Energy Debts to Russia Increase

AU0208070194 Chisinau BASAPRESS in English 1900 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—Moldova's debts for the energy resources imported in the first half of 1994 exceeded 1,170 million lei ($286 million), reported yesterday the Economics Ministry. According to the quoted source, Moldova has imported from the CIS countries gasoline, diesel fuel and liquefied gases at prices higher than the world level by respectively 19 percent, 20 percent and 93 percent. In January-July 1994, Moldova has imported 1,580 million cubic meters of natural gas, 7,900 tonnes of liquefied gases, 15 million tonnes of coal, 264,000 tonnes of fuel oil and 59,600 tonnes of gasoline. Moldova's debts to Russia, one of the biggest energy resources supplier, have grown to 677 million lei. Informed Government sources told BASA that current Moldovan leaders are preoccupied with obtaining a loan of 200 billion Russian rubles to pay off the debts to Russia for 1993-1994. On the other hand consumers' debts to "Moldgaz" and "Moldenergo" companies and the State Association for Fuel exceed 768 million lei.

Agro-Industry Given Majority of Bank Credits

AU0208065794 Chisinau BASAPRESS in English 1900 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—54 percent of its credits the Moldovan National Bank granted to the agro-industrial enterprises, stated yesterday during a meeting of economic decision-makers, National Bank governor Leonid Talmaci. He also said that the industrial enterprises received 10.4 percent of all credits, commercial entities 7.6 percent, energy and fuel enterprises 5.2 percent, social and communal services enterprises 4.2 percent, transportation 1.9 percent and telecommunications 1.6 percent. Talmaci pointed out that 15.1 percent of all credits went into the science, culture, etc. 96.9 percent of all loans made by the National Bank are short-term credits. The National Bank loaned to the Moldovan enterprises about 100 million lei in the first six months of 1994. Financial experts says that the amount of credits received by economic agents is dropping.

According to the Economics Ministry, in 1992 the total amount of granted credits represented 24.3 percent of the gross domestic product, whereas in 1993 only 11.5 percent. Sources from the Free Peasants' Union indicate that "most of the large credits in the agricultural sector are granted to the collective farms, while the free farmers are facing an unfavourable situation." This year as well as the last year, only 70 farms out of 38,000 registered managed to receive credits. Beginning January 1994, the National Bank proposed 80 percent of its credits in auctions. At the same time, the interest rate fell from 377 percent in February to 79 percent in July.

Ministry Warns of 25-Percent Fall in Sugar Beet Harvest

AU0208100694 Chisinau BASAPRESS in English 1930 GMT 29 Jul 94

[Text] Chisinau BASAPRESS, 29/7/1994—According to a forecast by the Moldovan Food and Agriculture Ministry, due to the drought the sugar beet production may reduce by 25 percent in comparison with 1993. The newspaper KOMMERSANT MOLDOVIY states that though any forecast is relative in the conditions when the harvest was compromised by the drought, "some specialists say that the harvest will not be less than in 1993 and it will stand at 1,800,000 tonnes." Over the last 13 years, sugar production has decreased by 40 percent and at the same time the area of territories sown with sugar beet has decreased from 120,000 hectares in 1975 to 80,000 in 1994. One tonne of sugar costs 1,200 lei (about $300) or 12 lei per kilogram. Observers say that state commercial enterprises sell sugar at a price 40 percent higher than the one on the city markets.

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Kyrgyzstan

Speaker Denies Parliament Groups Aim To Oust Akayev

LD0108162594 Moscow INTERFAX in English 1443 GMT 1 Aug 94

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] Parliament Chairman Medetkan Sherimkulov said in an interview for the Slovo Kyrgyzstana newspaper that reports of parliamentary groups aiming to overthrow President Askar Akayev were untrue.

IF Note: Sherimkulov responded to a recent statement made by a group of MPs, who are also heads of local administrations, to the effect that Sherimkulov and his entourage were engaged in political intrigues aimed at overthrowing the popularly elected president. The statement, known as the Address of the 105, appealed to parliament to disband itself immediately and to call a referendum on setting up a professional bicameral legislature.

Sherimkulov said that complete unanimity could hardly be expected in the existing social and economic situation but there was no organized opposition to Akayev even if some MPs were dissatisfied with the policies of the authorities.

He explained that he had business-like relations based on mutual respect with Akayev. Sherimkulov explained that he supported Akayev in every field and thought that Akayev did not believe what some newspapers said about his being something like an opposition leader. He said that whoever tried to have him and Akayev quarrel would fail.

Sherimkulov said that the political situation in Kyrgyzstan was fairly stable and there were no political conflicts or confrontations between various branches of the authority or their heads. He said that what the address of the 105 claimed was not true and challenged its authors to prove the existence of secret and anonymous destructive forces.

Speaking of legitimacy of the Supreme Soviet, Sherimkulov recalled that he had been the first man to say that a new parliament had to be elected immediately after adoption of a new Constitution in 1993. He said that this proposal had not been supported by the deputies then, in particular by those who were talking of legitimacy now. They inserted a provision into the legislation on making the Constitution work to the effect that all branches of authority were to remain in office until their term expired.

IF Note: Sherimkulov made an hour-long speech in the Supreme Soviet on January 14 advocating pre-term elections. He urged the deputies to call a referendum like Akayev had done. His proposals were rejected by a nearly unanimous vote.

Sherimkulov said it was not proper to stir the people by talking of illegitimacy of parliament at this stage when new elections are just a few months away. The legislation on election of people's deputies is to come into force on October 1.

He criticized the idea of a bicameral parliament saying that experienced legal authorities thought that this kind of parliament is good only for federal states. He emphasized that in any case the matter had to be handled in a constitutional procedure.

Sherimkulov confirmed that the next parliamentary session would be held next fall, as scheduled. He said that the calls on deputies to boycott the session were not reasonable and recalled that the session was to make decisions on new parliamentary elections.

Political Infighting in Parliament Viewed

LD0108215494 Moscow Radio Rossii Network in Russian 1900 GMT 31 Jul 94

[Text] The political situation in Kirghizia [Kyrgyzstan] over the last few days has been characterized by a high degree of tension. A serious confrontation between the executive and legislative authorities was sparked off by a statement by 105 parliamentary deputies, published in the press, containing a whole range of accusations aimed at the supreme legislative body. Our correspondent Aleksandr Knyazev has the story.

[Knyazev] The deputies who signed the statement are simultaneously the heads of oblast, rayon, and town administrations, that is they are representatives of the executive power. The statement says that parliament is acting as a brake on the reforms initiated by President Akayev and is a place of dubious political intrigues, which is setting itself the goal of removing Askar Akayev from his post as president.

Prominent in the statement are extremely serious accusations aimed at Medetkan Sherimkulov, the speaker of the parliament.

The main demand of the 105 is the immediate dissolution of parliament. Since May last year, after the adoption of the new Constitution, the republic's supreme legislative body has been essentially unlawful. It is a paradox that all the authors of the statement who then voted unanimously for an extension of their powers, which was in violation of the fundamental law, have now thought it necessary to do this by making a fuss two months before parliament's power actually comes to an end. Some local politicians see only one point in this—to inflate antiparliament moods, and to discredit the speaker, who still enjoys great popularity among the population.

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Medetkan Sherimkulov is considered here to be one of the most serious rivals to Akayev in the coming presidential elections. So, it is not to be ruled out that the attack on parliament is not only a small part of the struggle to privatize property which formerly belonged to the people, but also a far-reaching presidential maneuver.

In spite of the acuteness of the political conflict, most local observers' forecasts tend to reject the possibility of events developing in a manner similar to that in Russia last October. Here, it is most likely to take place without the direct application of force.

Aleksandr Knyazev from Bishkek for the Russia's Radio news service.

Tajikistan

Fighting Continues in Tavildarinskiy District

LD0108162094 Moscow ITAR-TASS in English 1503 GMT 1 Aug 94

[By ITAR-TASS correspondent Galina Gridnyova]

[Text] Dushanbe August 1 TASS—The situation in the Tavildarinskiy District of Tajikistan remains tense but is under control of government troops, Tajik Defence Ministry Spokesman Vasiliy Likholet told ITAR-TASS on Monday.

Government troops and opposition forces continue a trench war which involves about several hundred rebels, according to Likholet. Witnesses said that Afghan Mujahideen and Arab mercenaries are fighting on the side of the opposition.

Fearing that civilians may fall victim to the continuing war, the government is evacuating residents of several villages in the Tavildarinskiy District, Likholet said.

Speaking about the situation in eastern districts of Tajikistan, the spokesman said that in the last two days government troops destroyed an armed opposition group of up to 30 people near the village of Lairon in the Kalaikhumsky District of the Gorno-Badakhshan Autonomous Region. They also destroyed a military base where opposition militants kept arms and ammunition.

On the fate of 56 Tajik prisoners of war, Likholet said that the ministry has information indicating that they are divided into two groups and are being kept in the Gorno-Badakhshan region. Efforts are underway to free them, he added.

Situation Under Control

LD0108150494 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 1 Aug 94

[Text] The situation in Tavildarinskiy rayon is still unstable. Clashes are continuing between government troops and armed Tajik opposition fighters. According to a report from the Tajik Defense Ministry's press center, government troops yesterday destroyed a group of about 20 opposition fighters near (Nayron) village. A large quantity of arms and ammunition were confiscated.

Vasiliy Likholet, the head of the Defense Ministry press center, said that Afghan mojahedin and mercenaries from other countries were among the opposition fighters. The situation is under the full control of the government troops.

Supreme Council Examines Economic Problems

LD0108163894 Moscow NTV in Russian 1500 GMT 1 Aug 94

[Video report by correspondent Boris Koltsov]

[Text] A parliamentary commission in Tajikistan has begun to examine the activities of the National Bank. A decision on this was made at the latest parliamentary session. It seems that the deputies have amassed many complaints about the bank over the last month.

[Koltsov] The people's servants wanted to get the answer to just one question: Where is the money? That is why there is a problem in the republic with the payment of wages and pensions. Since the bank's answer was not understood by everyone, Prime Minister Abdujalil Samadov undertook to amplify it. He believes that in order for all its financial problems to be solved Tajikistan needs a credit of half a trillion [figure as heard] rubles or enter the ruble zone. But this is being delayed by certain forces in Russia, Samadov stressed.

At the same time, Supreme Council Chairman Emomali Rakhmonov links this delay with internal problems. He put forward the thesis that the secret for a speedy entrance into the ruble zone is further stabilization of the situation in the country. For this, first and foremost, political issues have to be resolved, namely the adoption of a new constitution and the election of a president. Both are planned provisionally for 25 September.

Most probably the calm at the session can be explained that ahead of everyone fighting for power is a more significant event—the presidential elections.

Russian Role Seen Essential to Stabilization

MM0108113194 Moscow IZVESTIYA in Russian 29 Jul 94 pp 1, 3

[Report by Boris Vinogradov: "Will the Peacemaking Forces Stop the War in Tajikistan?"]

[Text] Dushanbe—The situation in eastern Tajikistan remains tense. Government forces have launched extensive combat operations against opposition armed forces in an attempt to track down their soldiers who disappeared a week ago. Both sides are suffering considerable losses.

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On the day that the Salyam and Dzhumaboy gangs captured a Tajik national army company with all its equipment and ammunition in the Tavildariy gorge, which adjoins Gornyy Badakhshan, a salute was being fired in Dushanbe to mark the successful completion of the latest session of the Supreme Council. Outwardly the city was calm and the current expression "hot spot" could only be applied in a literal sense because of the incredibly hot weather here—it is 40 degrees in the shade.

There was an air of anxiety in Tajik Defense Minister Aleksandr Shishlyannikov's reception room, and it was only with great difficulty that I got in there. The Russian officers, constantly using phrases invoking God, soul, and mother, snapped angrily at the endless ringing of the telephone, cursed among themselves, and waved aside the uninvited journalist's questions. There was a conference of the high command taking place in the minister's office itself. By all appearances they were discussing the situation that had unexpectedly developed. The generals were racking their brains over ways to rescue the hostages and at the same time the honor of the Tajik uniform. If the intelligence reports were accurate, they were simply incomprehensible. They said that the officers themselves had surrendered to the rebel leaders, that despite the increased vigilance of the border guards the hostages had already been transferred to Afghanistan, and that 15 of the 56 had already been executed.... The confusion has had a strange effect on the general situation in the country.

The Curve of the Graph is Upward

Coincidentally or not, this happened at almost the same time as Shishlyannikov returned from Moscow, where he had promised to send a company of Tajik soldiers to Abkhazia. To many people Tajikistan's noble gesture seemed purely emotional, given the fact that the other CIS countries have reacted coolly to Pavel Grachev's appeal to help the Russian peacemaking forces on the Black Sea coast. The Russian minister's colleagues were maintaining an embarrassed silence.

Then Pavel Grachev asked Valeriy Patrikeyev, commander of the Collective Peacemaking Forces [CPF]: Would the border troops be able to hold the front if he withdrew the 201st Division from Tajikistan and curtailed the operation? The reply was unambiguous: No. That is apparently why the army general came up with the idea of placing the border troops under Russian Defense Ministry jurisdiction—which displeased commander in chief Andrey Nikolayev and the State Duma deputies.

Then for the first time in a year leaflets began appearing in Duhsnabe from Said Abdullo Nuri, leader of the Islamic Revival movement and a leader of the Tajik opposition, in which he gave the Russian Army "friendly" advice not to interfere in Badakhshan's affairs and not to attempt to use force against the militants. Nuri is based in Konduz, in Afghanistan, and heads the so-called "government in exile" which receives money from Pakistan and Saudi Arabia.

The opposition regard Nuri as "their" man, but recently he has had disagreements with Qadi kolon [as transliterated] Akbar Turandzhonzoda, who was recently in Moscow and lives in Tehran. Their conflict is jeopardizing the fate of the third round of the inter-Tajik dialogue due to be held in Islamabad, either in or after September.

In this long chain of seemingly random facts and coincidences a certain logic is becoming increasingly clear. What it boils down to is that Russia does not know what do about Tajikistan next. No one can say what the ultimate aim of its peacemaking efforts in this Central Asian country is or when and how the operation will end.

A year has already passed since Russian troops took it on themselves to protect the Tajik borders, but that has not made them any less permeable. At CPF headquarters I was shown a graph. It shows clearly that in the past six months the number of violations in the sectors of the Pyandzh and Moscow border detachments has fallen threefold. But on the other hand the line showing the number of acts of provocation in the 700-km Gornyy Badakhshan sector had risen sharply in the same period.

On the Slopes of the Pik Kommunizma [Mount Communism]

In other words, Gen Patrikeyev explained the situation, the militants have changed tactics. They are not trying to infiltrate those areas where powerful Russian screening forces have been created but are using the more accessible regions where they find a common language with the local populace. Closing the entire 1,500-km border is inconceivable. Reinforcing the CPF is absurd because there are already so many forces and so much hardware there that they could wipe out everything in Tajikistan. But they are not stopping the opposition, it seems.

On the contrary, inter-Tajik showdowns in which the prisoners, dead, and wounded are numbered in dozens are becoming everyday events. The CPF and in particular the 201st Division cannot intervene in them. The Tajik Army was withdrawn from the CPF contingent in April because its participation in the operation was contrary to the UN Charter. The war which the strategists foresaw has effectively started. Where is the line that the peacemakers must not cross? Gornyy Badakhshan is like a pie made up of armed gangs of different hues: indigenous Pamirs, oppositionists who have fled from Dushanbe, and the Afghan mojahedin.

The petty fiefdoms on the slopes of Pik Kommunizma do not recognize the central authorities. As Garibshon Shabozov, the head of the Khorog administration, told me, they do not accept his jurisdiction either. On the contrary he is largely dependent on Salyam, Dzhumaboy, Khakim, Alim, Kolbashi-Novai, Ayyembekov, known as "Humpbacked Lesha," and the many other

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rebel leaders, armed with Stingers and antitank guided missiles, who control the drugs and arms trade and receive help from Ismail Khan, head of the Afghan Badakhshan Ismailiis, from his London base.

They all advocate that the Gorno-Badakhshan Autonomous Oblast be given the status of an autonomous republic and emphasize their allegiance to the Russian flag at every convenient opportunity. Next year they plan extensive celebrations of the 100th anniversary of Gornyy Badakhshan's entry into the Russian empire. For them the commander of the CPF is the authority. As he is for Emomali Rakhmonov, the head of the parliament. Many disputed issues are being resolved through the mediation of the Russian military. They also serve as intermediaries for negotiations on the release of prisoners, the exchange of hostages, and the passage of food convoys into Khorog.

The CPF are increasingly falling hostage to the Tajik problem themselves because they cannot make the main protagonists in the conflict see reason but nor can they refuse to support any one of them. If the situation is stable it is so only in the sense that a certain regional and military status quo has been achieved which can only be altered by force. The purpose of the CPF's continued presence must be explained anew.

Now that our peacemaking forces are settled in in Tajikistan they are forced to think more about their own security and often have to do things which strictly speaking are not their job: They have to guard bakeries and protect economic installations. For example, even to this day Russian "blue helmets" are guarding the aluminum plant in Tursunzade because the republic does not have an Interior Ministry of its own. Incidentally, of all the power structures, Yakug Salimov's department is the largest and is twice as big as Tajikistan's young, 10,000-strong army.

This affair began when Baymatov, head of the local administration and an ethnic Uzbek, demanded that the plant director hand over a consignment of aluminum "for sale abroad." The plant director refused even though Baymatov waved a gun in his face. The CPF were called and they restored order.

The "Oshi Oshti" [reconciliation meal] Has Not Yet Been Made

The political quagmire formed in Tajikistan with the CPF's help has not been disturbed by the talks between Dushanbe and the opposition. No matter how hard it tries, Tehran has not managed to snatch the chief intermediary's laurels. On the surface nothing stirred even during the recent session of the parliament which was elected back in days of perestroyka. The session went surprisingly smoothly.

Its main result was the approval of the draft new Constitution and the choice of 25 September as the date for a presidential election. If it all goes as Emomali Rakhmonov plans, he will be a contender in a couple of months because there are no other realistic candidates on the horizon.

Admittedly, it has been asked: How can we be electing a president when the Constitution has still not been adopted and the form of state organization has not been decided? But then they remembered that something similar happened in Russia and it all worked out there. So then they turned their attention to the new law on elections, which envisages the nomination of candidates not from labor collectives, as in the past, but from party organizations.

At present there are four parties in the Republic of Tajikistan: the Communist Party, the People's Democratic Party, the Union of Democratic Forces, and the Economic and Political Renewal Party. Apart from the Communist Party, few people have heard of them. Rakhmonov himself will stand on behalf of the regions. The nomination procedure is well organized, to put it mildly. The candidates will be nominated by oblast council sessions and then voters' signatures will be collected in support of them. There can be no doubt that the "right people" will be campaigning for the presidency.

This fact has already produced an undercurrent of discontent among a section of the intelligentsia, who see the new law as antidemocratic and flawed. But the muffled murmur is almost inaudible in the official mass media, which launched the campaign under the tried and tested slogan "Everyone is for the elections!" Disregarding the fact that the opposition will reject the forthcoming events.

Nor is there any doubt that, given the present ability to stage referendums and elections and get the desired result, Tajikistan will soon become a presidential republic. Rakhmonov will form the cabinet of ministers and will most probably assume the role of premier and get a new parliament.

But hardly anyone is going to say that this will lead to the long-awaited stabilization and peace. It is clear that the country, which is torn apart by clan and ethnic conflicts and has an economy in decay, will be able to sort out its problems by itself without Russia's participation. At least, that is the view of many Western diplomats with whom I met in Dushanbe.

The Tajiks have a custom. After an argument everyone sits around a fire and eats "oshi oshti"—the pilau of reconciliation. Unfortunately, the split within society is so great that the sides are showing no appetite.

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Armenia

Karabakh Minister Views French, German Trips

NC0108193194 Yerevan SNARK in English 1313 GMT 1 Aug 94

[Text] Stepanakert, August 1 (SNARK)—Speaking on the results of his visits to France and Germany Arkadiy Gukasyan, the Nagorno-Karabakh Foreign Affairs Minister said that the Republic of Nagorno-Karabakh is at the new stage of inter-state relations. The Republic of Nagorno-Karabakh starts expressing its position not only within the CSCE.

According to him, the following questions: cease-fire at the zone of the Karabakh-Azerbaijani conflict, distribution of international peacekeepers, troops' withdrawal, deblockade of the transport communications were discussed at the meetings with the directors of the European Departments of the Foreign Affairs Ministries and with the representatives of these states at the CSCE Minsk group. The peaceful initiatives of the CSCE and Russia were on the agenda of the meetings.

The Karabakh foreign affairs minister said that the approval of the document is an important step in the process of the conflict settlement but it shouldn't be overestimated.

It's necessary to take all the decisive steps to go on with the cease-fire. Otherwise the armistice is impossible. The concluded agreement, mentioned Gukasyan, creates all the prerequisites to go on with the negotiations to regulate the whole complex of problems and accept the political decisions.

Russia's Kazimirov, Eliasson Welcome Karabakh Agreement

NC0108194294 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 1 Aug 94

[Text] The agreement signed by the sides in the Karabakh conflict on 28 July, the last stage of which was prepared through direct talks, has elicited a positive reaction from the Russian president's special envoy Ambassador Vladimir Kazimirov and the chairman of the CSCE Minsk Group, Jan Eliasson.

The Foreign Ministry Press and Public Relations Service reported that on the same day they issued a joint statement to the press in which they sincerely welcomed the sides' determination to continue fulfilling the obligations emanating from the cease-fire agreement signed between the conflicting sides and observed since 12 May.

The authors of the declaration noted with satisfaction that the sides plan to continue to use the cease-fire to hold talks for a more comprehensive political resolution of the conflict. Today's agreement is an essential step toward the peaceful resolution of that tragic conflict, the joint statement concluded.

Delegation Meets Russian Finance Officials

944K1940A Yerevan RESPUBLIKA ARMENIYA in Russian 28 Jul 94 p 1

[News Department report: "Yerevan-Moscow: Dialogue Continues"]

[Text] As a RESPUBLIKA ARMENIYA correspondent was told in the Press Office of the Republic of Armenia Supreme Council, a delegation headed by Tigran Sarkisyan, chairman of the Finance-Credit and Budget Commission, was in Moscow recently. The delegation had a number of meetings concerning the unfreezing of the currency accounts made available by the former USSR Bank for Foreign Economic Relations for the disaster zone and also the agreement between the Governments of the Republic of Armenia and the Russian Federation of 1994 on government credit with Mikhail Zadornov, chairman of the Committee for Budgetary, Tax, Financial, and Banking Issues of the Federation Council of the Russian Federation; Viktor Gusev, chairman of the Committee for Transport, Power Engineering, and Industry; Konstantin Zatulin, chairman of the Committee for CIS Affairs and Relations With Compatriots; and Viktor Mikhaylov, minister of atomic energy of the Russian Federation.

The development of bilateral relations of the committees and commissions within the framework of interparliamentary cooperation and also the de-mothballing of the Armenian Nuclear Power Station were discussed in the course of the meetings.

Press Survey on Political Party Activities

944K1940C Yerevan RESPUBLIKA ARMENIYA in Russian 28 Jul 94 p 1

[Aram Abramyan survey: "No One Can Start With a Clean Sheet"]

[Text] Artur Grigoryan writes in LRAGIRE that certain opposition forces, uniting on the basis of their attitude toward the authorities, in actual fact adhere to directly opposite political views. The NDS [National Democratic Union] sees as the cause of the crisis not democracy, independence, or economic reforms but the personalities that today embody these ideas. As distinct from the national democrats, the stratum of the population whose interests are represented by the newspaper GOLOS ARMENII considers the main evil precisely these ideas. Consequently, the author notes, the NDS and the supporters of the restoration of the Soviet Union are uniting [begin bold]against[end bold] the present authorities, but not [begin bold]in the name[end bold] of any principles. We know to what this leads.

In A. Grigoryan's opinion, as the social situation becomes radicalized, there arises a need for radical programs, forces, and personalities, which the "old" force—the NDS—and the "old" figure—Vazgen

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Manukyan—are not. In this connection the author considers an Edvard Ovannisyan—Ashot Manucharyan alliance entirely possible and adduces in support of this assumption the following argument, in particular: Both are supporters of socialism, the first in its national version, the second, socialism "with a human face." Although, in my view, it is very hard in Mr. Manucharyan's recent speeches to detect any signs of socialism, of a human face even less.

The speech of Babken Ararktsyan, chairman of the Supreme Council, in which he summed up the latest session, is published. The leader of parliament considers a dangerous direction of the domestic political struggle the belief being foisted on society that the next elections will necessarily be falsified. Certain parties wish by this proposition, in Mr. Ararktsyan's opinion, to insure themselves against possible failure. Yet the representatives of many states and international organizations have already displayed great interest in the elections in Armenia, whose legitimate realization may be ensured perfectly well with the aid of foreign and local observers.

In fact, some politicians are speaking about the impending falsification of the elections with such conviction that one might think that they had with their own eyes seen false-bottom ballot boxes or polling stations surrounded by tanks. It is said that you can get anywhere if you know how to use your tongue, only it is not clear where a sick imagination will take you.

The newspapers covered and commented in relative detail last week on the processes occurring in the governing party. Events unfolded in three stages: the interview with Ter-Iusik Lazaryan, chairman of the AOD [Armenian National Movement] faction, with Radio Liberty, the news conference of the "dissident five" headed by Albert Bagdasaryan, and the meeting of the AOD faction with the president. One of the main topics of the discussion was the proposal of Mr. Bagdasaryan's group for the establishment of party control of the nomination and appointment of officials in order to enhance their responsibility for their assignment. This model, which has been tried out in the past, is actively rejected both by the majority on the AOD Board and by the country's political leadership. As a result, A. Bagdasaryan and A. Mailyan were removed from the board and the faction.

So it cannot be ruled out that Mr. Bagdasaryan will shortly appear in GOLOS ARMENII as a positive hero. This was the experience in respect to his former boss, Ambartsum Galstyan, in the illustration of whose activity and personality the newspaper in two years covered a colossal path. Only with time, evidently, were this person's purity and nobility revealed for GOLOS ARMENII.

Akop Avetikyan, chief editor of the newspaper AZG, believes that it is no longer possible stopping the spontaneous trends that have appeared in politics recently with the aid of the constitutional or parliamentary process. The development of the situation in the coming months, the author observes, could bring to power entirely new, unexpected people. "The remaining opposition forces," Mr. Avetikyan writes, "the traditional parties, in any event, cannot accept the invitation of the NDS: It is dangerous and unpredictable, and how far it is sincere is still in question here."

Vaan Ovannisyan, who is close in his views to the NDS, takes a critical look in LRAGIRE at today's positions of the main political forces. Specifically, the Union of Action, in his opinion, is subconsciously endeavoring to start its activity on the statehood issue with a new, clean sheet. This approach, the author maintains, will satisfy neither the radicals aspiring to drastic and decisive action nor the conservatives, for whom this party's future seems problematical.

This opinion is applicable to all political forces, evidently. No figure and no organization can start out with a clean sheet, regardless of whether it has been in politics for six years or 104 years. As V. Ovannisyan observes, all who lay claim to power are confronted by the need to formulate an integral strategy and also a convincing account of previous stages of their political activity.

The article also discusses the term "lumpen," which, in the author's opinion, is employed not entirely properly in some publications. While lacking Mr. Ovannisyan's theoretical training, I would like to offer my, far from consummate, unscientific definition: A lumpen is one who experiences delight at pornographic speeches at demonstrations.

Azerbaijan

Interior Minister on Political Stability

NC0108204394 Baku TURAN in English 1822 GMT 1 Aug 94

[Text] Baku, August 1 (TURAN)—"Socio-political situation in Azerbaijan is very serious and is fraught with serious consequences", Deputy Minister of Internal Affairs, Rovshan Dzhavadov, told Turan. He said that several forces inside as well as outside the country try to act out "Georgian-like scenario" in Azerbaijan and then introduce Russian troops in the Republic. "Those who wish to return Russian troops in Azerbaijan, must be aware of the fact that it will cause collapse of the state and political destabilization".

Touching upon the Armenian-Azerbaijani conflict, Rovshan Dzhavadov, said that the efforts of only one mediator are not enough for the settlement of the conflict. The issue must be settled with the help of the international organizations and on the basis of international law, said Rovshan Dzhavadov.

According to Dzhavadov, the authorities of the republic must immediately carry out all necessary economic reforms since any delay will be dangerous and we will

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lose control over the situation. "President Aliyev is experienced politician and he must find the way out of the situation. However, the President is surrounded by dishonest persons and they can let him down in any serious situation", said Rovshan Dzhavadov.

Deputy Minister of Internal Affairs, Rovshan Dzhavadov, is one of the most authoritative officers in Azerbaijan's Ministry of Internal Affairs. He was the Commander of special subdivision of police in Nagorno-Karabakh for a long time. Two years ago he was the Head of Special Police Detachment. A week ago the leadership of the Ministry of Internal Affairs ordered to disband the Special Police Detachment. Dzhavadov and his supporters were dissatisfied with this fact. Rovshan Dzhavadov warned that he will address to the Azeri people and receive a powerful backing from them if the order concerning disbanding of Special Police Detachment be not annulled. After that Azerbaijan's Minister of Internal Affairs annulled his order.

Parliament Approves Budget Amendments

NC0108200194 Baku TURAN in English 1820 GMT 1 Aug 94

[Text] Baku (August 1) TURAN—On July 28 the Milli Mejlis approved the amendments in the Republic budget for 1994. The amendments were made by the Finance Ministry, because of the increase of minimum wage, as well as increase of prices for bread products and energy sources, TURAN was told by Mazakhir Agazade, Head of the Budget Department in the Finance Ministry.

According to him, due to overestimation , the revenue has increased by 2.9 times, expenses—by 2.7 times, budget's deficit—by 2.1 times, and by 405.7 billion manats, 497.1 billion manats and 91.4 billion manats respectively.

According to Agazade, the gross national income in new prices will increase by 2.1 times and will total 1230 billion manats. "According to the latest calculations, the budget's deficit total 7.4% (earlier it was 7.5%), gross national income—22.5% (31%) of budget's income and 18.4% (23.6%) of budget's expenses," said Agazade.

Oil, Gas Workers Continue Strike

NC0108195394 Baku TURAN in English 1820 GMT 1 Aug 94

[Text] Baku (August 1) TURAN—Today oilmen of Oil and Gas Producing Entity named after May 28 (OGPE) continued the strike, which began on July 28, TURAN was told by the Deputy of Free Trade Union of Oilmen Latif Sultanov.

Latif Sultanov said that on July 30, SOCAR's delegation headed by its first vice-president Sayat Ibrahimov came to the Entity for negotiations. "The negotiations were resultless, as the oilmen' demands were not met," noted Sultanov.

According to Sultanov, SOCAR's leadership had admitted that they could not meet demands of oilmen and had promised to appeal to the Cabinet and the prime-minister for solution of these problems.

The demands of oilmen are: to increase wage, periodical indexation of wage and the guarantees of its payment in time.

According to Trade Union of OGPE named after May 28, the strike covers now 70-80 percent of the duty officers of the Entity, all the working shops are stopped, except oil delivery to destination.

According to press-service of the Cabinet, in accordance with the decree of the Prime Minister Suret Guseynov, the National Bank had allocated 600 million manats for paying out the wage of oilmen for May. 285 million manats will be allocated additionally for the same purpose. The wage of oilmen for June will be paid out within August 8-22. According to Suret Guseynov's instruction 2.3 billion manats will be allocated for that purpose additionally.

Georgia

Troop Withdrawal From Kodor Gorge Suspended

LD0108174494 Tbilisi CONTACT INFORMATION AGENCY in Russian 1437 GMT 1 Aug 94

[Text] Tbilisi [no date as received]—The Defense Ministry's press center reports that the situation at the Kodor Gorge remains stable. The pullout of Georgian armed units has been suspended because mobile units of the Russian "blue helmets" have not yet taken control of the region, in which case, if the Georgian forces withdrew, could jeopardize the safety of the population of Georgian villages in the region.

Differing Views on Troops Given

LD0108164694 Moscow ITAR-TASS in English 1626 GMT 1 Aug 94

[By ITAR-TASS correspondent Anatoliy Yurkin]

[Text] Moscow August 1 ITAR-TASS—Abkhazian parliamentarian Sayed Tarkil told ITAR-TASS by phone today that the Georgian troops deployed in the Kodor Gorge are a threat to the settlement of the Georgian-Abkhazian conflict. He said several units supplied with guns and rocket-launchers have not so far pulled out from their high-mountain positions, although the agreed withdrawal deadline was July 30.

Georgian parliamentary spokesman and Deputy Mikhail Mchelidze argued, as he spoke with ITAR-TASS, that the Abkhazian demands concerning the troops in the Kodor Gorge were a "pretext for derailing negotiations". He said delegations from the two sides are to meet early in August, and Abkhazia's terms "make this meeting questionable".

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He said that Georgia's complaints about Abkhazia were just as important, since the Abkhazians "are using their ultimatum on the withdrawal of the mountain troops as a pretext to obstruct the return of Georgian refugees."

Major-General Yuriy Kozlov, chief of the Russian peacekeeping force headquarters in the region, told ITAR-TASS that the Abkhazian side sees the peacekeepers as border troops, while the Georgians want them to be a tool for the return of refugees. In his opinion, the Georgian troops must leave the Kodor Gorge. This would relieve tension and remove the last obstacle to peace talks.

Abkhazia Against Troops in Kodor

LD0108120794 Tbilisi IBERIA in Georgian 1000 GMT 1 Aug 94

[Text] Abkhazian Svaneti, 1 Aug—General Yakushev, commander of the Russian peacekeeping forces, said that the Abkhaz side is categorically against the deployment of Russian peacekeepers in the Kodor Gorge under the pretext that it is not envisioned by the 14 May agreement.

Shevardnadze Address on Economy

LD0108151594 Tbilisi First Program Television Network in Georgian 1657 GMT 31 Jul 94

[Speech by Georgian State Council Chairman Eduard Shevardnadze at meeting with government officials in Tbilisi; date not given—live or recorded; monitored in progress]

[Excerpts] ...It is obvious that there has been a certain improvement in the financial situation, especially in the last two months. This is directly affecting the economy. I already spoke about this earlier. However, many aspects of this latest financial improvement are illusory. It is all about numbers and percentages and can be explained by rising inflation. That is why it only seems that earnings have increased. Nevertheless, there are still some promising signs. The revenue plan, unlike in previous years, has been fulfilled by 81 percent. This is an important factor. According to my estimates, even in a critical situation such as this, there can be a doubling of revenue over the next few months. The funds coming into the state budget could double.

Of course, the fact that the coupon has been pushed out of monetary circulation remains a big problem. It must be stressed especially that the poverty line which has now been fixed is alarming. A lot of thought and work will be needed to alleviate the situation in the next few months. I will tell you plainly that without the humanitarian aid from our friends in both the West and East, mass starvation would have been unavoidable.

We have already discussed what caused the current situation. There are many reasons and they are deep-rooted. I would like to name some of them again. They include the extremely serious results of the civil war—when I say the civil war, I also mean (?ethnic) conflicts and the latest war (?in Abkhazia),—self-imposed isolation at the first stage of the country's independence and the strengthening of destructive forces affecting the country's policy and economy. There are now fewer such forces but they still exist and are blocking economic development and stability. These are forces that are still pushing the country toward destruction and impoverishment.

I agree with many speakers here who said that (?organized) agriculture was destroyed prematurely. Almost no other country in the former Soviet Union has done this. Land privatization was inevitable, but it should have been a controlled process and should not have led to impoverishment. Everything created over decades should have become public property, the property of citizens. This did not happen, and, unfortunately, this populist move cost us very dear. Anyway, it is now too late to speak about it.

One of the reasons for our difficult life was the forced and unprepared introduction of the coupon. I am saying that it was a forced introduction because we all knew what would follow it but were nevertheless forced to take this step. Another reason was a wrong and criminal credit policy which we called a liberal policy. It is emerging now that it was not a liberal credit policy but a criminal one. It also cost the country very dear. [passage omitted]

I think that it was absolutely right to raise at this meeting the issue of improving the efficiency of the work of state structures. The more people there are in the state apparatus, the less manageable and efficient it is. Proceeding from this, the Cabinet of Ministers should start in the next few days, no matter how difficult this may be, improving the state apparatus, making it less costly and, if you wish, simplifying it, if that is the right word. People should know who they are dealing with. Nowadays, there are so many of us that it is very difficult for a businessman to find the right reference point to have his problem solved. This conference hall reflects the fact that there are too many of us. It is good that not everyone who should have turned up has done so.

Maybe the unification of ministries is not on the agenda today but we must nevertheless be thinking about it. As soon as large-scale privatization begins, as soon as the decree on privatization starts to be implemented, many of us may be left without a job. Therefore, we must be thinking of forming and retaining ministries which will have a job to do.

Whether or not your ministries are to remain depends on you, Messrs Ministers. You must make yourselves necessary not only for today's manager of a state enterprise but also for tomorrow's manager who will be an entrepreneur, a private owner and the leader of other private owners. You will be needed by him. He will need somebody to help him, rather than lead him or issue him

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with orders. He will need somebody to coordinate things, somebody who will help him set up links with other countries and so on and forth. If you are able to do this, he will find you. You should not let him go away because he is your client and colleague, if you wish. You will be needed to help privatized organizations and enterprises and a new class of entrepreneurs.

The Cabinet of Ministers and its employees must be aware that the apparatus should become less costly and more simplified. Some may have to leave. The work of the Cabinet of Ministers should be more flexible and efficient. Resolutions and decrees should not be allowed to remain on the back burner for months. I must tell you that not only your letters and letters from the population go unnoticed but also the head of state's decrees and the prime minister's [word indistinct], which remain unimplemented for months. We must put an end to this if we are seriously talking about improving the situation in the country and overcoming the crisis. In a word, what I am saying is that the state apparatus, I mean the state structures, should be truly reformist. [passage omitted]

There is a lot of support from the United States. One hundred thousand tons of grain is not all that matters. The main thing is the manner in which this aid was given to us. When the friendly country saw that we were really facing starvation, it managed to release the appropriate amount of grain from its emergency reserve. This program is not to finish with this. It will continue into the winter. There will be tens of millions of dollars available to purchase grain, foodstuffs, and other goods which the country needs.

I am speaking with such confidence today because, as I told you yesterday, I have received a very welcome and promising message from the European Union [EU]. I had appealed to them, to the EU heads of states—it was not only my appeal, there were also appeals from other countries—explaining what we would be facing in the winter. Our friends understood our position yet again, and between 60 million and 70 million ecus were allocated for us to get through the winter, to avert famine and cold and to prevent tragedy.

This is a rather large sum, taking into consideration that we were given the right to purchase goods on a market which is 20 percent cheaper. Taking all that into account, this sum, translated into dollars, is worth about 100 million. If $100 million are used economically and according to plan and if, by avoiding the mafia elements, we manage to buy, transport, and distribute everything fairly, then I am sure we will have a relatively normal winter.

There are other resources as well. We may be able to obtain 100,000t of fuel oil through EU channels. I attach great importance to the signing of a contract with Russia under which 20 billion rubles are to be released. This credit means that the problems of repairing and renovating the Tbilisi thermal electric power station and setting up a fuel oil reserve for it will be solved in practice. Of course, providing every ruble is used according to its designated purpose. [passage omitted]

However, I would like to emphasise that these are external factors. They cannot be permanent. [passage omitted]

Over now to the main problem which is the key to everything. As I said this is mainly the problem of prices—price liberalization, and bringing wages, scholarships, and pensions into line (?with prices). If this starts to work, coupons will also work and become usable. Today 1 kg of bread costs 700 rubles. We have to subsidize the bread which is part of humanitarian aid and which costs nothing. The subsidies are worth 10 or even 15 times the retail price. This is inadmissible. Therefore, this issue should be solved by all means. As [Kutaisi Mayor] Shashiashvili said, in the eyes of a certain proportion of the people a lot of unpopular measures are being carried out in Kutaisi today, but tomorrow these measures will work to the population's advantage. This is why we should take this step. [passage omitted]

I can give you a lot of examples when raw material imports were discouraged. A country which is poor in raw materials should encourage such imports. Not only should we not tax such imports, but perhaps we should even give an incentive to raw material importers. Let them import raw materials and create something. Only after that you can impose tax on what they manufacture, which will contribute to our poor budget. [passage omitted]

Today there is a very complex situation in the country with regard to paying people's wages. I agree with everybody saying that we should release as little money into circulation as possible. We should really have tight monetary controls, and we must know where the money is going. [passage omitted]

But how can we not pay wages to people? This should be ruled out. Whatever is happening in the country, this should be ruled out. I told you earlier about the aid which is coming into the country. The 60 million or 70 million ecus which I mentioned will come in the form of assistance, not credit. This will contribute to the budget, will it not? We can now bring the prices into line. This sum can be a source of covering the expenses connected with paying wages, scholarships and so on. It is a temporary source but it is still a source which we can use for four or five months.

The Americans have sent grain, and there will be more coming in in the future. This is also a source. Credits are also temporary sources. [passage omitted]

Let us again consider what conditions we have for foreign investors. I know that there is a law on this. But let us look at it once again and take into consideration the recommendations of the World Bank and the IMF and the experience of other countries. Russia used to

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have rather tough conditions and it gained nothing by having them. In fact, it lost. By the way, they have recently changed this in Russia. The more liberal conditions we have for foreign investors, the faster we will have good results in the economy and the faster our economy will improve. Please, study this issue properly, and let us make it a special subject of discussion.

Reforms in banking should be stepped up. I am talking about serious reforms. The whole banking system has to be developed. At the moment, we are still having Soviet-style banks. Our National Bank is a Soviet-style bank. [10-minute passage indistinct] [passage omitted]

I would like to voice the hope that our meeting today will be a small step forward. Let us draw the main conclusion from this meeting that words should not just remain words. It is time for work. Thank you and goodbye.

Opposition Seeks Shevardnadze's Resignation

LD0108160794 Moscow INTERFAX in English 1309 GMT 1 Aug 94

[Text] Opposition deputies in the Georgian parliament began collecting signatures to convene a special session on "structural changes in power."

The opposition demands the resignation of Eduard Shevardnadze from his posts as both head of state and parliament chairman.

Sixty signatures are needed for an emergency session to be convened, on August 1 the opposition collected about 30 signatures for this purpose.

Meanwhile, parliament speaker, Vakhtang Goguadze, who serves alongside Shevardnadze, in an interview with journalists said that such a session is likely to be convened before the end of the summer break.

Leader of the Georgian National Independence Party, Irakly Tsereteli, has continued a hunger strike for over 20 days demanding a special session of parliament.

About 500 representatives of various opposition parties are reportedly prepared to join in the hunger strike.

Shevardnadze Views Economic Ties With Russia

AU0108183494 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 22 Jul 94 p 1

["Speech" by Eduard Shevardnadze, chairman of the Georgian Parliament-Head of State, delivered at the Russian-Georgian conference on economic cooperation and investments in Tbilisi on 21 July]

[Text] **Dear ladies and gentlemen!**

Dear guests!

On the initiative of the republic's new mass democratic movement—the Union of Georgia's Citizens—the Russian-Georgian meeting that has been convened on economic cooperation and investments begins its work today in Tbilisi.

The conference of Russian and Georgian entrepreneurs will be an important step along the path of restoring economic and industrial relations on a market basis between two independent and friendly states. **The aspiration of the industrial workers of both countries toward favorable relations is conditioned not only by the fine traditions of partnership but also by objective necessity**: To find, through their joint efforts, ways of resolving those acute problems that they encountered during the implementation of radical economic reforms. The difficulties that arose during a fundamental structural and systemic transformation of the economic system were considerably intensified by the painful processes that accompanied the collapse of the USSR and led not only to interstate disagreements concerning well-known political issues, but also to the rapid severing of mutual relations. Economic estrangement was felt very much by Georgia **almost two-thirds of whose exports and imports were with Russia.**

Today, following a two-year search for mutually acceptable approaches to interstate political problems and the conclusion of a comprehensive treaty of friendship and cooperation between the two countries at the beginning of this year during the visit of Russian Federation President Batoni Yeltsin to Georgia, conditions favoring mutual economic penetration are being prepared.

Following the commencement of peaceful measures on the part of Russia in Abkhazia with the participation of the United Nations and the appearance of signs of a peaceful settlement of the so-called Ossetian problem, a firm base is being created for the processes of political stability in Georgia and an improvement in the crime situation. The view is increasingly taking hold among the Georgian public that an understanding of the importance of common strategic interests and good-neighborly relations is the determining factor in relations between our country and the Russian leadership and the Russian state.

People in Russia are also convinced that the Georgian people are no longer pursuing the course of isolation from their powerful northern neighbor with whom they are linked by common economic and political aims.

It is significant that the idea of holding a joint conference came not only from Russian and Georgian politicians but also from managerial personnel who are extremely interested in the strengthening and development of the aforementioned good-neighborly trends and mutually advantageous cooperation. On the other hand, this proves once more how powerful the processes of integration are in the contemporary world economy, processes whose development should be helped by the economic union of CIS states to the benefit of those participating in them. At the same time, it should be said that the potential within the economic union is practically not being used at the moment and a number of important principles in the rules of the economic union likewise remain nothing more than declarations at present. However, this conference should help us to overcome such a

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situation. If its work proves fruitful, and we hope this will be the case, our future meeting will be extended by the participation of other CIS states.

This hope is based not only on Russia's undoubted progress toward economic stabilization and the privatization of state property and the evident recognition of its important influence on world political and economic processes by the seven leading industrial countries but also on the clearly expressed trends toward the reform of the Georgian economy.

First and foremost, I would like to direct the attention of the participants in the conference to the development of the processes of the destatization of property. The privatization program has embraced almost 5,000 state-owned facilities of which 900, in our view, large and medium enterprises will be transformed into joint-stock companies. In approximately one year, one-third of facilities earmarked for destatization will pass into private hands. However, we cannot be satisfied with such a pace; in particular, there have been delays in turning industrial enterprises into joint-stock companies. In this regard, at the end of May, the head of state issued an edict on measures aimed at speeding up the privatization of state enterprises. The main thing in the measures outlined is to strengthen the rights of labor collectives so that they have the opportunity to acquire directly the controlling packet of shares and be allowed to cover a significant part of the value of the shares with privatization checks (vouchers).

The rights of local administrative bodies have been extended regarding the privatization of municipal property.

A fresh impetus has recently been given to create a legislative base for the market economy. Up to 30 fundamental laws have already been adopted and more than 60 draft laws are in the process of being elaborated. In order to accelerate this process of creating the appropriate legislative bases for the formation of a market economy, parliament has given the Georgian leader powers to adopt legislative acts, decrees, and edicts in the economic sphere. We are using these powers ever more actively.

The Republic of Georgia anticrisis program approved in February of this year, which is based on recommendations from the IMF and World Bank that are successfully cooperating with both Georgia and Russia, has served to stimulate the acceleration of and orientation toward these processes.

This cooperation was given a fresh impetus particularly following my meetings with the leaders of these organizations in Washington. At the recent session of IMF and World Bank donor countries held in Paris, Georgia was granted an institutional loan. The question of giving credits to Georgia for purposes of stability and rehabilitation will finally be decided in the very near future. All this gives us hope that the inflation rate will gradually fall, the drop in productivity will be halted, and social problems that have become more acute in crisis conditions will decelerate.

We should effectively use all the advantages and benefits of economic cooperation with Russia; we are now on the road to restoring this cooperation. Yes, there are signs that this is happening. However, the present scale of our economic relations is in no way adequate. In particular, the trade balance is developing to our dissatisfaction: In 1991, imports from Russia amounted to 76 percent of exports to Russia; in 1992, this figure was 43 percent, while in 1993, 39 percent. Such a disproportion in trade relations is one major reason why the Georgian National Bank coupon has been expelled from the domestic market by the Russian ruble, whose flow is being increased by, among other factors, the imbalance in trade between our countries.

The difficulties of mutual payments, in addition to other factors, is the principal reason for the situation that has taken shape; at present, the CIS states are a long way from concluding a treaty on fiscal or currency union. In this connection, the question arises of concluding bilateral currency agreements the mechanism for which will be the mutual convertibility of the ruble and the Georgian national currency. We believe that one way out of the situation that has taken shape is to develop clearing agreements or direct cooperative relations, which could be a transitional stage on the road to the free movement of goods, capital, and the work force. The legal bases for this exist: The bilateral agreements signed by Russia and Georgia on the creation of a free trade zone and the agreement of CIS states on other questions in this branch.

We view cooperation in the investment sphere to be of particular importance. Georgia is currently suffering from a severe investment famine. The situation is also difficult in Russia, but real prospects for cooperation in this sphere do exist.

Taking into account contemporary reality and trends, we should view such forms of integration as the creation of transnational companies as having very good prospects. An extensive arena for their activities will be found in Georgia.

First and foremost, in spite of a sharp fall in output and the shut-down of a number of facilities, the republic has preserved its industrial potential and production capacity and qualified work force in those enterprises that were serious partners and suppliers for Russian enterprises. These are, above all, machine-building and electrical engineering enterprises, light industry, and so forth.

In Georgia, there are approximately 300 deposits of mineral and raw material resources, but only one-half of them are being exploited. There are 11 oil deposits in the republic that have attracted the interest of foreign businessmen; there are reserves of manganese ore amounting

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to 215 million tonnes; there are deposits of coal, barite, diatomite, and arsenic; we have deposits for a cement industry, building materials, facing stones, marble, porous additives, and other deposits. The potential regarding hydroelectric resources amounts to 60 billion kilowatt-hours, of which only 12 percent is being used today.

Our recreational resources are well known: We have 2,300 mineral springs and large reserves of fresh and geothermal water.

We view as a very important potential resource Georgia's geopolitical location, which finds expression in its role as a transit corridor linking the countries of Europe and Asia. It is difficult to overestimate the importance of Georgia's ports for the economy of the Transcaucasus and central Asia itself; they should also not be without interest for the Russian economy.

This potential should be realized through concrete investment projects that will be discussed by the participants in the conference in section meetings. They could also become a subject for future joint elaboration after the conference has ended.

We will benefit significantly if we implement a series of joint programs on the replacement of equipment at enterprises currently in operation and also if we engage in the joint exploitation of natural riches and resources. In particular, we will quickly recoup the expenditure on this if:

—Reconstruction of the Rustavi metallurgical combine is completed with the aim of increasing the annual output of assorted high-quality oil pipes for which there is a considerable demand from Russian oil-extracting firms;

—Reconstruction is carried out at the Kutaisi lithopone factory that is the only one of its kind in the former USSR where a valuable raw material obtained from natural lithopone is used to make varnished dye and other finished products;

—We jointly produce, on the basis of Georgian machine-building plants, such finished goods as electric locomotives, trolley buses, and fast quiet trams at the Tbilisi Electric Locomotive Association, S-96-type administrative miniature planes at the Tbilisi Aviation Plant, and so forth;

—Work is completed on constructing and equipping a factory (in the town of Marneuli) that will produce 700 million disposable syringes annually and other special medical products. There is a big demand for these goods and they could be delivered to Russia and other CIS states.

The Russian Federation and Georgia could carry out effective cooperation in the power engineering branch if:

—The extraction of coal at the Tqibuli seam is increased to 1.2-1.5 million tonnes and a thermal power station is constructed in western Georgia on the basis of the Tqibuli coal;

—We make fuller use of Georgia's hydroelectric resources at the Inguri River by resuming construction of the Khudoni 700 million-watt hydroelectric power station and also build a hydroelectric power station at the Samakhvani cascade where preparatory work is being completed.

We view the prospects for mutually advantageous cooperation in the branch of the development and exploitation of various types of transport to be very diverse. In particular, the Russian side could participate in the development and modernization of facilities at the ports of Poti and Batumi;

—In restoring the functioning of the main railway lines on Georgian territory by providing finance, preferential credits, and equipment for railway facilities and refurbishing rail stock. The restoration of Georgian railways will give the Russian side the opportunity to renew rail communications to the south that had previously been severed;

—In constructing the Kars-Vale railway line, which will create the opportunity to release the flow of goods from Turkey to Ukraine, Belarus, and the countries of northern Europe via Georgia;

—In constructing the Tbilisi-Vale-Kars gas pipeline under the condition that Russia will have the possibility to supply gas to Turkey or obtain income by letting gas from Turkmenistan transit Georgia;

—In constructing the Russia-Georgia-Turkey oil pipeline in order to ensure the supply of oil from Russia and Kazakhstan to the Mediterranean Sea countries; this question assumes a fair degree of importance given that restrictions have been introduced in Turkey on allowing large tankers to pass through the straits of the Bosporus and the Dardanelles.

For its part, Georgia, which has free labor resources and a qualified work force, could participate in the creation of joint oil enterprises and in timber procurement.

There is also the possibility of expanding the participation of Georgian construction organizations in the implementation of building programs in various regions in Russia.

Georgia has been and should remain a most important supplier to the Russian market of such valuable crops as tea, citruses, and fruits and high-quality wines, cognac, mineral water, tinned goods, tobacco, and other products.

It is in the interests of both states to develop the agrarian market to the maximum degree and integrate individual branches on the basis of the creation of joint enterprises. Those enterprises in the Georgian processing industry (wine factories) located on Russian territory should contribute to the start of this process.

It is essential to point out that Russia's developing agroindustrial complex is interested in introducing the

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new technology and technical devices of Georgia's machine builders into its processing branches.

We should elaborate a corresponding interstate program in order to develop more fully the agroindustrial complex.

We should make better use of the scientific and technological potential. Unique results have been achieved in many scientific directions. Their joint use will enrich the potential for the future integration of our economies.

Tourist resorts and tourism offer enormous opportunities and an extensive field of activities. We should restore and develop this sphere of the economy and services and, by our combined efforts, bring it up to world standards.

It is expedient to make better use of the existing opportunities for multilateral cooperation. The developed countries are showing the greatest interest in Russia. There is also increasing interest in Georgia's economic potential. In these conditions, unique opportunities are being created for elaborating and concluding bilateral, trilateral, quadrilateral, and multilateral contracts, projects, and agreements.

There are also many other problems whose examination is necessary and essential.

I wish all of you success and your conference successful work!

Thank you for your attention!

Shevardnadze Meets Leaders of Southern Rayons

LD0108165994 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 1 Aug 94

[Text] Georgian Head of State Eduard Shevardnadze met in Akhaltsikhe today the governors and members of the administrations of Samtskhe-Javakheti Rayons. While talking to them, Eduard Shevardnadze discussed problems that concerned the whole of Georgia, and this region in particular. He noted the region's great potential and stressed that its natural resources were not being used sufficiently. Sensible use of thermal mineral water and spas will be rather beneficial for the region's economy. Shevardnadze said that it was necessary to attract foreign investors.

He also told participants in the meeting that so far, solutions to all their major or minor problems were coming from Tbilisi, whereas now regional leaders had to take over this function. In Shevardnadze's opinion, it would be appropriate to set up a regional administration council.

There was also a discussion about the construction of railways and roads between Turkey and Georgia, which will require a careful and competent approach on the part of both specialists and government. Shevardnadze said that this will be a link between Europe and Asia and that in building it, Georgian interests should be taken into consideration.

By an edict of the head of state, Valeriy Bakradze has been appointed state representative in Samtskhe-Javakheti. Bakradze introduced himself to the region's population today. As Eduard Shevardnadze pointed out, this move could be seen as an experiment. The representative was entitled to select staff, work closely with the rayon governors and, together with them, solve problems.

The Georgian head of state was accompanied on his visit by Tbilisi Mayor Niko Lekishvili; Deputy Speaker Vakhtang Rcheulishvili; Temur Pipia from the state administration, and other officials.

Creates Representative Post in South

LD0108155294 Tbilisi Radio Tbilisi Network in Georgian 1300 GMT 1 Aug 94

[Text] Here is a decree by the Georgian head of state on creating the post of representative and plenipotentiary envoy of the head of state in Samtskhe-Javakheti, and adopting the relevant regulations.

Taking into consideration the recent hard political, economic, and criminal situation in the country, there are serious complications in the economy in the rayons of Samtskhe-Javakheti, Adigheni, Aspindza, Akhaltsikhe, Akhalkalaki, Borjomi, and Ninotsminda. The process of privatization and transition to the new economy are being hampered. The goods produced by the population do not find their way to market. There are difficulties in distributing power carriers. The most significant decisions on social and economic issues made by the authorities and the supreme governing bodies are not implemented; control over their implementation is lax and this negatively affects the standard of life of the population as well as the realistic guarantees of the populations' rights and basic freedoms.

The post of the representative for state, personal, and plenipotentiary envoy to the Georgian head of state in Samtskhe- Javakheti is to be created.

Temporary regulations for the representative for state, personal, and plenipotentiary envoy to the Georgian head of state in Samtskhe- Javakheti is to be adopted.

The office of the representative for state, personal, and plenipotentiary envoy to the Georgian head of state in Samtskhe-Javakheti is to be financed at the expense of cuts [word indistinct] in the office of the republic's governing bodies.

The decree is signed by Eduard Shevardnadze.

EU Allots Funds for Foodstuffs, Fuel

LD3007201694 Tbilisi Radio Tbilisi Network in Georgian 1800 GMT 30 Jul 94

[Text] Eduard Shevardnadze, chairman of the Georgian Parliament and head of state, recently sent letters to the

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leaders of the European Union [EU] countries and to the chairman of the Eurocommission, Jaques Delors. Eduard Shevardnadze requested them to take into consideration the current difficult situation in Georgia and to urgently consider the possibility of helping Georgia by allotting foodstuffs and fuel.

We have been informed by the Eurocommission that Eduard Shevardnadze's personal request and a great aspiration to support him have become a basis for a thorough consideration of the issue within various structures of the Eurocommission.

First, the EU foreign ministers and now the finance ministers have passed a final resolution on allotting about 60 million ECU [European Currency Unit] to Georgia as humanitarian aid. This sum will be used by the EU to purchase products at a 20 percent discount through a well-known Helga foundation.

Considering the correlation between the ECU and the U.S. dollar, we can see that the volume of the humanitarian aid approaches $100 million. A report from the EU says that this is an unprecedented case. No country has ever received humanitarian aid of this amount. Within the limits of the humanitarian aid the EU will be able to send wheat, flour, milk powder, butter, meat, rice and other essential foodstuffs.

The Eurocommission has asked Georgia to determine priorities and quantities of the required products. The implementation of this unprecedented humanitarian program is planned to begin in October this year.

A team from the Eurocommission will arrive in Tbilisi in August to carry out detailed research into the issues related to the implementation of the humanitarian program.

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Latvia

Birkavs, Russian Envoy Discuss CSCE, Troop Withdrawal

LD0208080394 Riga Radio Riga Network in Latvian 0700 GMT 2 Aug 94

[Text] Yesterday, Aleksandr Rannikh, the Russian ambassador to Latvia submitted to Prime Minister Valdis Birkavs a program for increasing the efficiency of the work of the Conference on Security and Cooperation in Europe drafted by Russia, and asked the Latvian Government to give its opinion on the document in the nearest future.

A possible visit to our state by the head of the Russian Government, Viktor Chernomyrdin was also mentioned during the talks between Birkavs and the ambassador. Rannikh linked the possibility of this visit to ratification of the agreements on the withdrawal of the Russian Army by the Saeima.

The ambassador also confirmed that the withdrawal of the Russian Army from Latvia is proceeding according to the army withdrawal schedule. Last Saturday and Sunday, Russian military units stationed at Adazi began loading armored personnel carriers and tanks onto railway freight cars. Today, these trains will head for Russia via Riga's Skirotava station.

Estonia's Laar Arrives, Meets Birkavs

LD0108133494 Riga Radio Riga Network in Latvian 1300 GMT 1 Aug 94

[Text] Estonian Prime Minister Mart Laar arrived in Latvia today on an unofficial visit. An hour ago he met Prime Minister Valdis Birkavs.

We remind you that British Prime Minister John Major will arrive in Vilnius tomorrow. Mart Laar and Valdis Birkavs will also go to Vilnius where they plan to discuss the Baltic states' relations with Russia and Great Britain.

Lithuania

UK Prime Minister Major Arrives for Talks

LD0208085694 Vilnius Radio Vilnius Network in Lithuanian 0800 GMT 2 Aug 94

[Excerpt] John Major, prime minister of Great Britain and Northern Ireland, arrived in Lithuania today. During a planned meeting with our prime minister he will discuss further economic cooperation and the development of trade and investment. He will discuss the withdrawal of Russian troops from Latvia and Estonia with the prime ministers of these two countries.

Joint Military Exercises End; Troops Set for Croatia

LD0108134494 Vilnius Radio Vilnius Network in Lithuanian 1200 GMT 1 Aug 94

[Text] Joint military exercises between Danish and Lithuanian peacekeeping units ended today. Thirty-two Lithuanian servicemen signed a contract to take part in the UN peacekeeping action in Croatia.

Prime Minister Adolfas Slezevicius took part in the closing ceremony.

Landsbergis Hopes Nation Will 'Hold Out' Against Russia

WS0208085694 Tallinn BNS in English 1435 GMT 1 Aug 94

[Text] Vilnius, Aug 1, BNS—In it's relations with the three Baltic States Russia is further aiming to continue the presence of its troops on their territories, Vytautas Landsbergis, the leader of the right-wing opposition in the Lithuanian Seimas [parliament], said Monday. Landsbergis told a news conference that, although the Russian forces have been pulled out from the Baltic States, troops still remain in the Skrunda radar base in Latvia and, for the coming fourteen months, in the Estonian Paldiski navy base.

The opposition leader expressed his concern whether Lithuania will be able "to hold out." Lithuania is facing the danger of celebrating the first anniversary of Russian troop withdrawal from its soil on August 1 "with a treaty in hand allowing the Russian army to cross its territory," according to Landsbergis.

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